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Commonwealth of Massachusetts
Fiscal Year Ended June 30, 1993

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Governor William F. Weld

Lieutenant Governor Paul Cellucci

Secretary for Administration and Finance Mark E. Robinson

Comptroller William Kilmartin

Commonwealth of Massachusetts
Fiscal Year Ended June 30, 1993

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Prepared by the Office of the Comptroller

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COMMONWEALTH OF MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 1993

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COMMONWEALTH OF MASSACHUSETTS

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Commonwealth of Massachusetts
Fiscal Year Ended June 30, 1993

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Introductory Section

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THE COMMONWEALTH OF MASSACHUSETTS

Organization Chart

Legislative Branch

- General Court
- Senate
- House of Representatives

Executive Branch

- Lieutenant Governor
- Governor
- Executive Council
- Attorney General
- State Auditor
- State Secretary
- State Treasurer
- District Attorney
- Independent Offices and Commissions

Judicial Branch

- Supreme Judicial Court
- Appeals Court
- Trial Court

Secretariats

- Administration and Finance
- Communities and Development
- Consumer Affairs
- Economic Affairs
- Educational Affairs
- Elder Affairs
- Environmental Affairs
- Health and Human Services
- Labor
- Public Safety
- Transportation and Construction

COMMONWEALTH OF MASSACHUSETTS

COMMONWEALTH OFFICERS

Constitutional Officers:

William F. Weld	Governor
Argeo Paul Cellucci	Lieutenant Governor
Michael Joseph Connolly	Secretary of State
L. Scott Harshbarger	Attorney General
Joseph D. Malone	Treasurer and Receiver - General
A. Joseph DeNucci	Auditor

Legislative Officers:

William M. Bulger	President of the Senate
Charles F. Flaherty	Speaker of the House

Judicial Officers:

Paul J. Liacos	Chief Justice, Supreme Judicial Court
Joseph P. Warner	Chief Justice, Appeals Court
John E. Fenton, Jr.	Chief Administrative Justice, Trial Court

The Commonwealth of Massachusetts

Office of the Comptroller

One Ashburton Place

Boston, Massachusetts 02108

WILLIAM KILMARTIN
COMPTROLLER

Phone (617) 727-5000
FAX (617) 727-2163

December 28, 1993

To the Citizens of the Commonwealth of Massachusetts,
Governor William F. Weld and Honorable Members
of the General Court:

The fiscal year ended June 30, 1993 (FY 93) is noteworthy for several reasons: the budget was again balanced with positive improvement to fund equity; major public policy initiatives in the realms of economic development, education reform, and information technology were enacted; and significant improvements in financial management were accomplished. The Commonwealth has been reporting its financial condition under the generally accepted accounting principles (GAAP) basis of accounting since FY 86. In the intervening years there has been dynamic changes in the economy and budgetary decisions. Given this background, and the size of the entity, it is a significant accomplishment that fund balance for the budgeted funds is the most favorable since the commencement of GAAP reporting.

The Office of the Comptroller is responsible for the fair presentation of the financial statements of the Commonwealth and for the preparation of this Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 1993, which is presented in three sections: Introductory, Financial and Statistical. The CAFR includes the information necessary for the reader to obtain a comprehensive understanding of the Commonwealth's financial position and the results of its operations for FY 93.

The CAFR is prepared in accordance with generally accepted accounting principles (GAAP) as established by the Governmental Accounting Standards Board (GASB), the professional standards of the American Institute of Certified Public Accountants (AICPA), the recommendations of the Government Finance Officers Association, and the requirements of state finance law.

In its FY93 CAFR, the Commonwealth has adopted the guidance of the Governmental Accounting Standards Board (GASB) Statement No. 15 "Governmental College and University Accounting and Financial Reporting Models" and discretely presented the University and College Fund Type. In prior years, the financial activity of institutions of higher education was blended into Governmental, Proprietary, and Fiduciary Fund Types. In order to accomplish the transition to discrete presentation, FY 92 amounts have been restated. The reason for the change is to provide a more focused basis for future measurements of financial performance, to provide comparability with other states who prepare CAFRs, and to demonstrate accountability for the Commonwealth's institutions of higher education.

Public policy debate has in Massachusetts centered on the budgeted Governmental Funds. These include the General Fund and certain Special Revenue Funds, such as the Highway and Local Aid Funds, as discussed in Note 2 in the Notes to the General Purpose Financial Statements.

The Commonwealth's budgeted funds when presented in accordance with GAAP continues to report a deficit fund balance. More importantly, it is apparent that the trend line is positive. If actions such as suggested in this report are implemented, it is possible for the Commonwealth to achieve a positive GAAP balance in the near future. The following table shows a five-year summary of the budgeted funds.

BUDGETED FUND OPERATIONS
(amounts in millions)

	FY 89	FY 90	FY 91	FY 92	FY 93
Beginning fund balances (deficit)	($ 51.6)	($ 946.2)	($ 1,895.5)	($ 761.2)	($ 317.4)*
Revenues and other financing sources	12,311.5	11,965.3	14,099.7	14,129.7	15,181.0
Expenditures and other financing uses	13,206.1	13,381.0	14,328.1	13,765.9	15,047.7
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(894.6)	(1,415.7)	(228.4)	379.6	133.3
Prior year deficit financing	-	466.4	1,362.7	-	-
Ending fund balances (deficit)	($ 946.2)	($ 1,895.5)	($ 761.2)	($ 381.5)	($ 184.1)

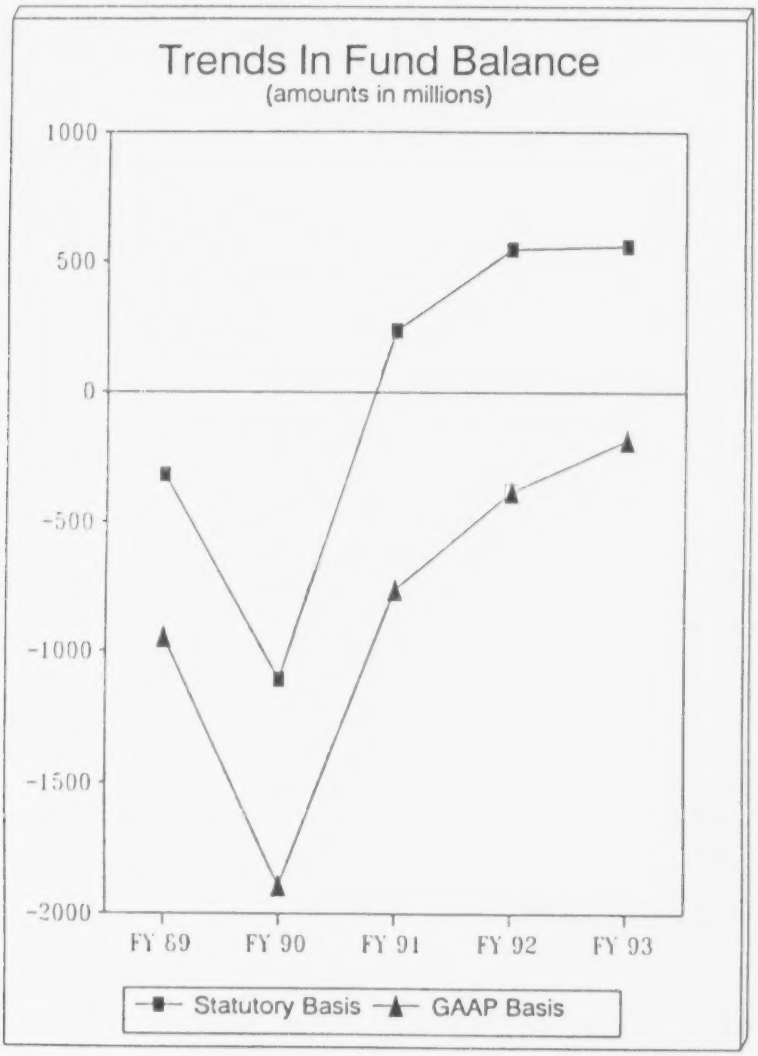
* As restated to reflect discrete presentation of the University and College Fund. For FY92 and prior years this activity is blended into the budgeted funds, an aspect that must be considered when looking at multi-year trends.

On the statutory basis of accounting, which is used to develop the Commonwealth's budget and control its daily activities, the budgeted funds achieved positive balances for FY 91, FY 92, and FY 93.

BUDGETED FUND OPERATIONS - STATUTORY BASIS
(amounts in millions)

	FY 89	FY 90	FY 91	FY 92	FY 93
Beginning fund balances (deficit)	$ 353.2	($ 319.3)	($ 1,104.4)	$ 237.1	$ 549.4
Revenues and other financing sources	12,188.6	12,223.2	14,493.3	14,226.1	15,205.7
Expenditures and other financing uses	12,861.1	13,474.7	14,514.5	13,913.8	15,192.6
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(672.5)	(1,251.5)	(21.2)	312.4	13.1
Prior year deficit financing	-	466.4	1,362.7	-	-
Ending fund balances (deficit)	($ 319.3)	($ 1,104.4)	$ 237.1	$ 549.4	$ 562.5

As evidenced by the trend line of fund balance over time, there is a correlation between the GAAP basis measurement and the statutory basis measurement. While the difference in fund balance may vary in a given fiscal year, both "bottom lines" trend in the same direction.



For several years, the Commonwealth has been gradually modifying its statutory basis accounting practices to more closely conform to GAAP. However, five major items persist as explanation for the remaining differences. Four of these items represent liabilities not recognized and funded under the Commonwealth's current budgetary principles. The adoption of a funding strategy for these items is the key to accomplishing of a positive GAAP balance.

The measurement of expenses and revenues for the Medicaid program is the first major difference. Under the statutory basis, Medicaid expenses are equivalent to cash disbursements and related federal reimbursement revenues are measured in symmetry to such expenses. Under GAAP, additional measurements are compiled which, when added to the statutory basis measurements, create an unfavorable effect on the GAAP fund balance. This compilation, typically called the Medicaid GAAP accrual, is detailed as follows:

MEDICAID ACCRUAL
(amounts in millions)

	FY 89	FY 90	FY 91	FY 92	FY 93
Accrued expenses:					
Current fiscal year dates of service, payments in next fiscal year	$ 592.0	$535.0	$637.0	$809.0	$775 0
Hospital retroactive rates	171.0	97.0	107.0	12.0	11.0
Nursing homes retroactive rates	254.0	163.0	165.0	99.0	98.0
Other items of expense	-	30.0	33.0	47.0	47.0
	1,017.0	825.0	932.0	967.0	931.0
Less: Accrued revenue:					
50% federal reimbursement	508.5	412.5	466.0	483.5	465.5
Net Medicaid accrual:					
Unfavorable effect on fund balance	$ 508.5	$412.5	$466.0	$483.5	$465.5

This clearly illustrates that efforts to restrain growth in Medicaid spending are having the desired effect, but the net Medicaid liability still has a significant effect on the deficit GAAP fund balance.

Commonwealth subsidy to the Massachusetts Bay Transportation Authority (MBTA) constitutes a second major difference. Under the statutory basis, the Commonwealth appropriates and recognizes its commitment to fund the operating deficit of the MBTA approximately eighteen months in arrears. A special GAAP accrual measures the commitment up to the current fiscal year, and recognizes the portion of the MBTA operating deficit to be funded by assessments to member cities and towns.

MBTA ACCRUAL
(amounts in millions)

	FY 89	FY 90	FY 91	FY 92	FY 93
Accrued expenses:					
To be funded in future periods	$375.5	$434.7	$498.3	$537.1	$536.4
Less: Accrued revenue:					
To be assessed to municipalities in future periods	59.2	60.8	62.3	62.3	63.9
Net MBTA accrual:					
Unfavorable effect on fund balance	$316.3	$373.9	$436.0	$474.8	$472.5

Again it is apparent that, while growth in the MBTA liability has been restrained, the net MBTA liability significantly contributes to the deficit GAAP fund balance.

Compensated absences are liabilities for amounts of vacation and sick leave that have been accumulated but not yet taken by state employees. None of this liability is measured under the statutory basis. The portion that is estimated to be taken within the next fiscal year is accounted for with a third GAAP accrual.

COMPENSATED ABSENCES EXPENSE ACCRUAL
(amounts in millions)

	FY 89	FY 90	FY 91	FY 92	FY 93
Unfavorable effect on fund balance	$135.2	$139.2	$144.3	$197.3	$141.7

certain claims and risks comprise a fourth major difference. Lawsuits which result in a judgement to be paid by the Commonwealth, such as disputes over eminent domain land takings or taxes, are measured under the statutory basis when paid; under GAAP, an analysis of such lawsuits is performed by the Attorney General and an estimate of potential judgments to be settled and paid within one year is compiled. In regard to state employee health insurance, there typically exist insurance claims that would have been measured and paid in the current fiscal year under the statutory basis, but, because such claims are received after the accounting cutoff period, a special GAAP accrual is made. Under the workers' compensation program for state employees, the statutory basis accounting measures expense claims paid during the fiscal year. A GAAP accrual is recorded for the estimated costs of injuries which have occurred, including claims incurred but not reported, for which payment has not been made. This activity is as follows:

CLAIMS AND RISKS EXPENSE ACCRUALS
(amounts in millions)

	FY 89	FY 90	FY 91	FY 92	FY 93
Lawsuits	$125.8	$ 78.1	$150.5	$103.3	$126.9
Health insurance	34.1	32.9	46.9	41.7	46.2
Workers' compensation	-	-	50.4	49.5	45.5
Unfavorable effect on fund balance	$159.9	$111.0	$247.8	$194.5	$218.6

The measurement of tax revenues constitutes the final major difference between the statutory basis and GAAP basis. In contrast to the GAAP expense accruals, the tax revenue accrual has a favorable effect. Under the statutory basis, tax revenues are accounted for when cash deposits are received; under GAAP, additional compilations are made for taxes owed but to be collected and deposited at a later date. This special GAAP accrual also provides for that portion of taxes owed that is expected to be refunded or abated.

TAX REVENUE ACCRUAL
(amounts in millions)

	FY 89	FY 90	FY 91	FY 92	FY 93
Taxes owed	$788.3	$1,022.4	$1,016.4	$1,012.6	$987.0
Less: Refunds and abatements	(343.4)	(452.1)	(575.7)	(598.6)	(526.6)
Favorable effect on fund balance	$444.9	$ 570.3	$ 440.7	$ 414.1	460.4

Analysis of the underlying details of the GAAP fund deficit, through the special GAAP accruals discussed above, indicates that a positive GAAP fund balance is not likely to occur until the unfunded liabilities, such as the Medicaid program and Commonwealth support of the MBTA, are successfully addressed and a program put into effect to fund these liabilities.

INDEPENDENT AUDIT

The firm of Deloitte & Touche, together with subcontractors Daniel Dennis & Company, Margaret Carr, CPA and Susan Perna-Damon, CPA, and assisted by the Office of the State Auditor, have performed an independent audit of the Commonwealth's general purpose financial statements (the financial statements) for the fiscal year ended June 30, 1993. FY 93 marks the eighth consecutive year that the financial statements have been reported upon by independent auditors. Their report is presented in the Financial Section.

INTERNAL CONTROL ENVIRONMENT

Massachusetts law, Chapter 647 of the Acts of 1989, places authority and responsibility for internal controls with the head of each executive department, constitutional office, and branch of government. Under the law, the Office of the Comptroller issues internal control guidelines and the Office of the State Auditor may investigate departments with risk of internal control weaknesses. Also during FY 93, the two offices have continued to deliver joint training sessions for department managers regarding their responsibility for internal control in the Commonwealth's highly computerized environment.

An absolute level of internal control assurance is prohibitively expensive. Using risk assessment criteria set forth in the guidelines and stressed in the training, the objectives of the Commonwealth's internal control structure are to provide management and the public with reasonable assurance that:

- financial and other resources are safeguarded against loss from unauthorized use or disposition;
- payrolls, encumbrances, payments and other transactions are executed in accordance with management authorizations;
- financial and statistical records and reports are accurate and reliable;
- applicable laws, regulations, and policies are adhered to; and,
- resources are efficiently and effectively managed.

REPORTING ENTITY

The financial statements incorporate the fiscal activities of 152 state departments, agencies, boards, commissions, institutions of higher education, the judicial and legislative branches of government, and constitutional offices. These state departments record their daily financial operations in the Massachusetts Management Accounting and Reporting System (MMARS), operated by the Office of the Comptroller.

In addition, the financial statements include independent public authorities, and the State Employees' and Teachers' Retirement Systems. These component units meet the GAAP criteria for inclusion in the reporting entity, which are further described in Note 1 to general purpose financial statements. The Commonwealth is in the process of evaluating the effect of GASB Statement No. 14, "The Reporting Entity," on the general purpose financial statements and CAFR to be prepared for FY 94.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

MMARS is the computerized, statewide accounting system used by all departments to control and account for their financial activity under the statutory basis of accounting. The financial operations of the authorities and certain non-appropriated higher education funds are accounted for through their own independent accounting systems.

MMARS is designed to satisfy all requirements of the Commonwealth's statutory basis of accounting and financial reporting. Any additional information needed to prepare financial statements according to GAAP is provided through a combination of MMARS system generated data, information compiled manually by departments and the submission of audited financial statements from certain independent authorities.

Note 2 to general purpose financial statements provides a reconciliation between the budgeted General and Special Revenue Funds to the GAAP basis presented in the general purpose financial statements.

GOVERNMENTAL FUND OPERATIONS

Within the Governmental Fund Type are the General Fund, Special Revenue Funds (many of which are budgeted), and Capital Projects Funds. These funds indicate the Commonwealth's comprehensive governmental financial activity. The five-year trend of operations, on a GAAP basis, is summarized in the following table:

GOVERNMENTAL FUND OPERATIONS
(amounts in millions)

	FY 89	FY 90	FY 91	FY 92	FY 93
Beginning fund deficit	($ 591.0)	($ 1,227.5)	($ 1,595.0)	($ 764.3)	($ 416.8)*
Revenues and other financing sources	17,091.7	17,713.3	20,217.5	20,795.5	22,300.6
Expenditures and other financing uses	17,728.2	18,547.2	20,749.5	20,278.9	22,441.8
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(636.5)	(833.9)	(532.0)	516.6	(141.2)
Residual equity transfer					79.7
Prior year deficit financing	-	466.4	1,362.7	-	-
Ending fund balances (deficit)	($ 1,227.5)	($ 1,595.0)	($ 764.3)	($ 247.7)	($ 478.3)

* As restated to reflect discrete presentation of the University and College Fund. For FY92 and prior years this activity is blended into the Governmental Funds, an aspect that must be considered when looking at multi-year trends.

When analyzed on a GAAP basis, it is apparent that actions taken by the Commonwealth, while not yet sufficient to yield a positive fund balance, are having an effect. Within the Capital Projects Funds, the Commonwealth could have issued approximately $365 million more in project financing, thus improving fund balance accordingly. Also, as discussed earlier, a balanced budget is having a significant positive effect. These two actions, a more timely issuance of capital project financing and a positive balance for the budgeted funds per GAAP, would yield a positive Governmental Fund balance.

PROPRIETARY FUND OPERATIONS

The Commonwealth's relationship to the independent public authorities, reported as Enterprise Funds within the Proprietary Fund Type, is based on statute and contracts. The five-year trend of their operations is summarized in the following table.

PROPRIETARY FUND OPERATIONS
(amounts in millions)

	FY 89	FY 90	FY 91	FY 92	FY 93
Beginning retained earnings (deficit)	$206.2	$ 246.4	$ 242.5	$ 241.7	($ 51.0)*
Operating revenues	471.7	593.5	618.3	752.9	491.8
Operating expenses	944.3	1,118.2	1,186.5	1,332.1	1,058.9
Operating loss	(472.6)	(524.7)	(568.2)	(579.2)	(567.1)
Nonoperating expenses, net	(118.4)	(148.8)	(176.7)	(206.5)	(222.9)
Operating transfers	541.2	535.0	613.3	628.0	617.3
Loss on defeasance	-	-	-	(48.1)	-
Net loss	(49.8)	(138.5)	(131.6)	(205.8)	(172.7)
Add: Depreciation of assets acquired from contributed capital	90.0	134.6	130.8	136.4	152.1
Add transfer to contributed capital	-	-	-	(41.3)	-
Increase (decrease) in retained earnings	40.2	(3.9)	(.8)	(28.2)	(20.6)
Ending retained earnings (deficit)	$246.4	$ 242.5	$ 241.7	$ 213.5	($ 71.6)

* As restated to reflect discrete presentation of the University and College Fund. For FY92 and prior years this activity is blended into the Proprietary Fund, an aspect that must be considered when looking at multi-year trends.

In the aggregate, the authorities' operating revenues have not been adequate to support operating expenses. Commonwealth subsidies, which are the primary component of transfers have also increased. The most significant item is the subsidy to the MBTA. As discussed earlier, this is one of the major factors that contributes to the GAAP deficit in the budgeted funds. Notes 1 and 10 to general purpose financial statements provide additional information on the individual authorities.

FIDUCIARY FUND OPERATIONS

The Fiduciary Funds include the Expendable Trust, Nonexpendable Trust, Pension Trust and Agency Funds.

The Nonexpendable Trust Fund and the Agency Funds account for assets held with restrictions and assets held temporarily on behalf of other parties. The amount of such assets managed by the Commonwealth increased by $83 million during FY 93, to $4.8 billion.

The Expendable Trust Funds ended FY 93 with a fund balance of $128.7 million composed of a balance of $140.3 million in the Expendable Trust Fund and a deficit of $11.6 million in the Unemployment Compensation Fund. During the decade of the 1980's, that the Unemployment Compensation Fund had been accumulating rescurces so that, at the end of FY 88, it had $1.1 billion on deposit with the U.S. Treasury to finance unemployment benefit payments and total fund balances of $1.2 billion. In FY 89, for the first time in several years, cash withdrawals to pay benefits exceeded deposits from employer contributions. This trend accelerated in FY 90, as unemployment benefit payments increased dramatically. Withdrawals exceeded deposits by $554.9 million in FY 91, and by $342.0 million in FY 92. In September of FY 92, the Unemployment Compensation Trust Fund's deposits were depleted, and temporary loans from the federal government were required. Restructured employer contributions and benefits have been enacted, the underlying economy has changed, and FY 93 deposits have exceeded withdrawals by $113.6 million.

The Commonwealth is responsible for the payment of pension benefits for its employees and for the teachers of the cities, towns and regional school districts. It manages the operations of both the State Employee's and Teacher's Retirement Systems, and the Pension Trust Funds report the results of their operations and net assets available to fund pension benefit obligations.

Pursuant to the pension reform law effective in FY 88, the Commonwealth is funding its unfunded pension liabilities on a 40-year funding schedule. It is the responsibility of the Public Employee Retirement Administration (PERA) to complete actuarial updates for the funding schedule.

PERA has published an actuarial report as of January 1, 1993. This report when applied to the measurement of the pension funding status as defined by GAAP yields the following:

PENSION FUNDING STATUS
(amounts in millions)

	FY 90	FY 91	FY 92	FY 93
Total pension benefit obligation	$18,095	$18,599	$17,640	$19,476
Net assets available for benefits	7,813	8,439	9,825	10,584
Unfunded pension benefit obligation	$10,282	$10,160	$ 7,815	$ 8,892
Percent funded	43%	45%	55%	55%

Additional information on the retirement systems is presented in Note 11 to general purpose financial statements.

UNIVERSITY AND COLLEGE FUND TYPE

The FY 93 CAFR presents the University and College system in accordance with the AICPA Industry Audit Guide "Audits of Colleges and Universities" for the first time. This presentation combines financial activity from all fund types for:

The University of Massachusetts, including its campuses at Amherst, Boston, Dartmouth, Lowell, Worcester, the Teaching Hospital, Group Practice and Building Authorities,

the State College System of nine state colleges, which provide four year post-secondary education, and the State College Building Authority, and

the Community College system of fifteen community colleges which provide two-year secondary education programs.

The following table summarizes FY 93 activity for the University and College Fund.

UNIVERSITY AND COLLEGE FUND TYPE OPERATIONS

(amounts in millions)

	FY 93
Beginning fund balances	$1,991.6
Revenues and other additions	1,330.6
Expenditures and other deductions	1,953.8
Net transfers, including state appropriations	642.0
Net Increase (decrease)	18.8
Ending fund balances	$2,010.5

In contrast to the Governmental and Proprietary Fund Types, the University and College Fund reports a positive GAAP fund balance. Approximately $1.9 billion of this fund balance is restricted or designated in plant funds, endowment funds, or other purposes. In future years, as information for multiple fiscal periods becomes available, additional analysis will be provided.

Additional information that reconciles the restatements to accomplish the discrete presentation of the University and College Fund Type in FY 93 is presented in Note 16 to the general purpose financial statements.

CASH AND INVESTMENTS

Cash and investments are controlled by the State Treasurer. Each state department transmits all cash receipts to the Treasurer's Office. Weekly warrants for disbursements are prepared by the Comptroller, and reviewed and approved by the Governor's Council; checks are issued by the Treasurer. In addition, independent of the weekly warrant process, the Treasurer is directed to issue certain other disbursements, such as debt service and local aid.

A system of bank accounting sweeps and lockboxes is employed by the Treasurer's Office to maximize daily cash balances. The Treasurer manages these state cash balances in pooled investment funds to maximize interest earnings. The Treasurer's Office invests cash from these general accounts in short-term securities and other investments. A discussion of cash and investments is presented in Note 3 in the Notes to General Purpose Financial Statements.

The Treasurer is also responsible for quarterly cash flow plans, weekly variance reports, and, jointly with the Executive Office for Administration and Finance, annual and quarterly cash management plans. Taxes and non-tax inflows, warrants, other outflows, and short and long-term borrowings are monitored against these plans.

DEBT

The Commonwealth makes capital appropriations and related bond authorizations in order to finance its investment in capital assets. The following table sets forth the trend of the Commonwealth's long-term indebtedness for the last five years :

LONG-TERM DEBT
(amounts in billions)

Fiscal year	Authorized - unissued	Principal amount of outstanding long-term debt
1993	4.6	9.2
1992	6.4	9.3
1991	4.9	8.6
1990	5.4	6.6
1989	6.3	5.4
1988	7.4	4.3

Approximately $1.0 billion of the bonds outstanding represents borrowing to finance the statutorily defined FY 90 deficit. This authorization required complete repayment within seven years.

During FY 93, to take advantage of favorable changes in interest rates, the Commonwealth refunded approximately $1.9 billion in previously outstanding debt. This action created a net economic gain of $95 million, of which $48.3 million was immediately apparent in reduced debt service expenditures.

In addition to long-term debt, the Treasury may issue small denomination minibonds to finance capital projects. These bonds have a maximum term of 5 years, but, because they may be redeemed by the holders at any time, they are accounted for as fund liabilities. Although no new minibonds were issued in FY 93, a balance of $84.4 million remains outstanding.

As authorized by state finance law, the State Treasurer engages in short-term borrowing to support governmental cash flow. During FY 93, this included the issuance of revenue anticipation notes and commercial paper. Short-term debt was repaid by the end of the fiscal year, with the exception of $240 million in notes issued in conjunction with the Commonwealth's financial support to the MBTA. In FY 92 and FY 93, the amount of short-term borrowing for cash flow purposes was significantly reduced from the levels of FY 90 and FY 91.

Other debt financing consists of certificates of participation and multi-year lease/purchase agreements. Such financing arrangements are used to acquire fixed assets, such as computer equipment and motor vehicles. The Commonwealth continued to utilize this form of financing in FY 93.

During FY 93, the Commonwealth's credit rating was upgraded by Standard and Poors to A, by Moody's Investors Service to A and maintained by Fitch Investors Service at the A rating. This was an upgrade from the prior ratings of BBB and Baa for Standard and Poors and Moody's, respectively. In October 1993, further upgradings were done by Standard and Poors (from A to A+) and by Fitch Investors (from A to A+)

Additional information on Commonwealth debt, is included in Notes 7, 8 and 13 to general purpose financial statements.

RISK FINANCING

The Commonwealth assumes the risk of loss for property damage and personal injury, breach of contract, condemnation proceedings, and other alleged violations of law and is defended by the Attorney General's Office in such cases. In FY 93, approximately $71 million was expended to resolve such claims in special and existing appropriations.

Based on the Attorney General's evaluation of cases in which it is probable that a judgment will be rendered against the Commonwealth, and a loss incurred, an additional $126.9 million has been accrued in the Governmental Funds at June 30, 1993. This accrual reflects the impact of major eminent domain land takings and settlement of tax cases before the Appellate Tax Board as of that date.

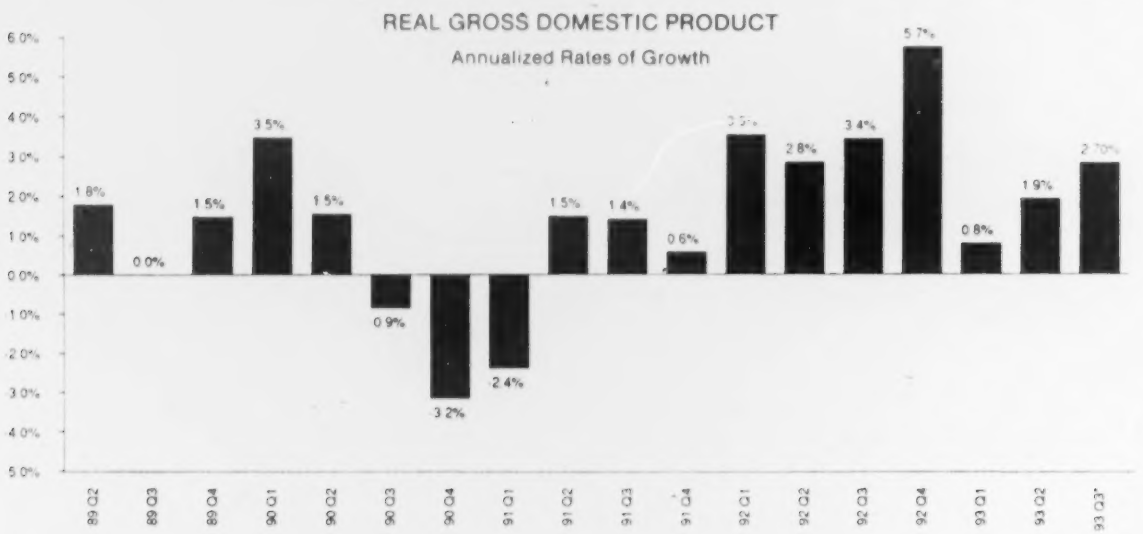
The Commonwealth self-insures for workers' compensation. PERA centrally manages this program on behalf of all state departments. Since the claims review process can be lengthy, an accrual of $45.5 million has been included in the Governmental Funds and $270.9 million in the Long-term Debt Account Group as of June 30, 1993, based on experience with claims pending but not yet paid.

The Group Insurance Commission manages the health insurance program for state employees, retirees and their beneficiaries. Since there typically exists an amount of insurance claims which are incurred in one fiscal year but reported in the next, an accrual of $46.2 million has been included in the General Fund at June 30, 1993.

ECONOMIC AND FINANCIAL PROSPECTS

The FY 94 national economic outlook, which is used to gauge the Commonwealth's economic performance, remains conservatively positive. Some evidence suggests that economic catalysts such as the demand for consumer durables, housing starts and corporate investment in infrastructure, will fuel growth in the economy. However, other actions such as national tax increases and deficit reduction measures may impede the rate of recovery. Therefore, prognosticators remain cautiously optimistic.

The national forecast for growth in the real Gross Domestic Product (GDP), a proxy for the measurement of goods and service produced in the economy, is 2.7 percent. The forecast for growth in personal income, a proxy for the measurement of growth in wages and salaries and personal investments, is 5.2 percent. The forecast for employment growth, a proxy for the measurement of how many people are working, is 1.8 percent. Finally, the forecast for unemployment, a proxy for the measurement of how many people are looking for work is 6.6 percent.

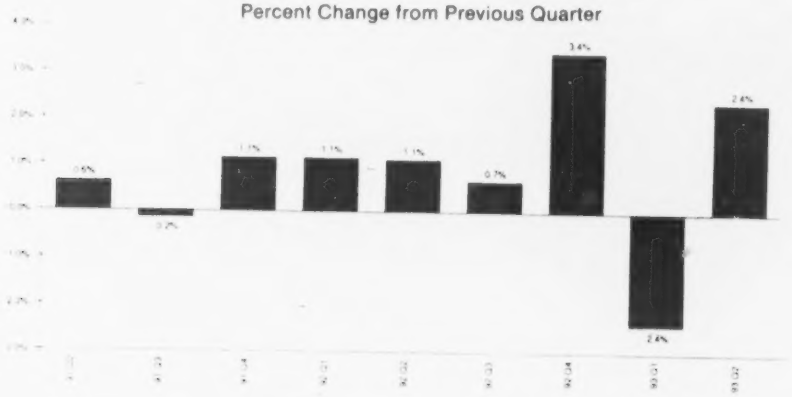


Despite some forecasts that it will lag behind the national averages in the post-recessionary economic recovery, the Commonwealth's economic outlook for FY 94 remains positive. Unlike previous periods, when Massachusetts outperformed the national economic curve, the consensus forecast suggests that current downsizing in defense spending and the loss in manufacturing jobs will continue to create problems in the state's economy. However, surges in the services industries will mitigate the downward pressures in manufacturing jobs.

Two key ways to measure a region's economic health is the rate of growth in personal income and employment. The economic consensus suggests that rate of growth in personal income will continue to rise in FY 94 at a slightly higher rate than the national average. This is good news for retailers since historically a rise in personal income results in an increase in consumer purchasing.

MASSACHUSETTS PERSONAL INCOME

Percent Change from Previous Quarter

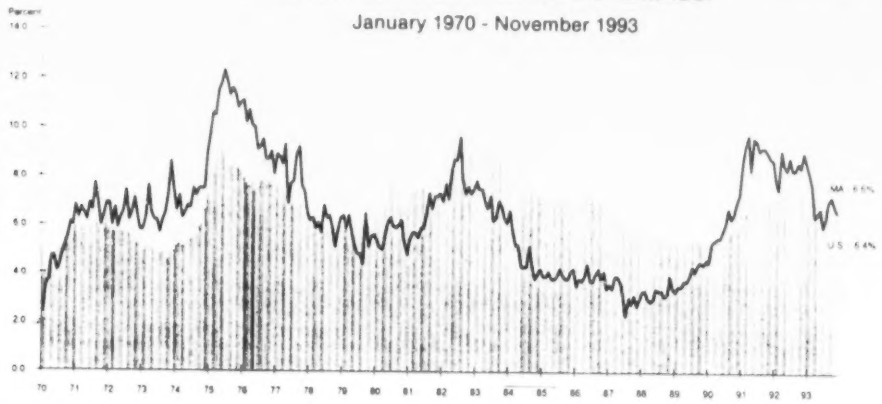


Another positive sign of the Commonwealth's economy is evidenced by continued employment growth. Employment in Massachusetts, as measured by the U.S. Department of Commerce's "Household Survey" rose by approximately 80,000 in FY 93 and is expected to climb in FY 94.

The unemployment rate in Massachusetts will continue to drop in FY 94 and intersect the national rate in FY 95.

UNEMPLOYMENT RATES: U.S. & MASS.

January 1970 - November 1993



The Commonwealth's FY 94 revenue estimate is consistent with the economic forecast presented above. Budgeted revenues and other sources, as estimated by the Executive Office for Administration and Finance, on November 23, 1993 are currently projected at approximately $15.5 billion. The estimate assumes tax revenues to be approximately $10.6 billion, or six percent above FY 93. The estimate also assumes non-tax revenues to be $4.9 billion, or four percent over FY 93. As of the date of this report, the administration is currently reviewing this forecast. The preliminary analysis suggests that the estimate may need to be revised upwards in some revenue categories, and downwards in others. It is not possible to make a precise prediction of net change until this mid-year re-evaluation is completed.

The Commonwealth's total budgeted expenditures and other uses are currently projected at $15.5 billion. The estimate assumes the spending in the Commonwealth's seven major programs (Local aid, Medicaid, employee health insurance, public assistance, debt service, pensions, and subsidies to transit authorities) which comprise of over 66 percent of budgetary spending, will increase by six percent over FY 93.

The FY 94 opening fund balance on a statutory basis is $562 million. If the November forecast materializes, the ending fund balance on a statutory basis would be approximately $545 million. It is noteworthy that, of the $545 million, $310 million is held in the Commonwealth's stabilization fund and the undesignated ending fund balance on a statutory basis is currently projected at $235 million.

The Administration is currently engaged in an extensive mid year review of this estimate. The Governor will release his recommended budget for FY 95 in late January, at which time the FY 94 forecast will be revised. Continued caution and conservatism will be required until an economic recovery and structural reform of major spending programs result in long-term fiscal balance.

SIGNIFICANT ACCOMPLISHMENTS

In FY 93, there were a number of significant public policy accomplishments and, on a more operational level, improvements that demonstrate accountability and financial management.

On the public policy front:

- The Legislature and Governor enacted an Economic Development agenda. This included a package of revenue incentives and spending investments dedicated to promoting and nurturing growth in key industries in the Commonwealth.

- The Legislature and Governor enacted an Educational Reform package. The significant features include a performance measurement for all participants in the educational system (teachers and students) and an increased funding commitment over the next five years.

- Upon the request of the Governor, the Legislature appropriated the Information Technology Capital Outlay. This provides over $90 million to fund several new "Info Tech" projects in areas such as budgeting, a new personnel and payroll system, eligibility determination and program management in human service programs, and financial accounting and fiscal management. The opportunity exists to re-engineer old business practices and employ new enabling technologies to produce a huge return on the investment the Commonwealth has in technology. The day to day operations of state government are being transformed through these projects.

From the operational perspective:

- The Government Financial Officers Association (GFOA) again awarded a Certificate of Achievement for Excellence in Financial Reporting to the Commonwealth for its FY 92 CAFR. In order to be awarded a Certificate of Achievement, the Commonwealth published an easily readable and efficiently organized CAFR which satisfied both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. The Office of the Comptroller believes that the FY 93 CAFR continues to meet these criteria, and we are submitting it to the GFOA Certificate of Achievement Program.

- A number of changes in state finance law and improvements to budgetary practice were accomplished in FY 93. Additional attention and disclosure pertaining to revenue is now evident in the budget formulation process, including, a detailed disclosure of revenue estimates in the text of the FY 93 General Appropriation Act.

- An ongoing effort to improve the financial accounting and reporting of the non-appropriated funds of public institutions of higher education was successful. Each institution now reports these funds on MMARS, the computerized state accounting system. Additionally, the University of Massachusetts and Massasoit Community College are commended for producing stand-alone, audited financial statements in conformity with GAAP.

- MMARS was also updated and enhanced during FY 93. Improvements included new functionality to support accounting for fixed assets, capital construction (the Project Accounting and Reporting Subsystem, PARS) a new subsystem to control payroll expenditures to budgets (the Payroll Cost Reporting Subsystem, PCRS), the re-engineering of non-tax revenue (the Billing and Accounts Receivable Subsystem, BARS), and the automation and centralization of cash management activities as joint ventures with the State Treasurer's Office. These projects, mostly funded by the Info Tech Capital Outlay, streamline operations and improve productivity for all departments throughout the Commonwealth.

RECOMMENDATIONS AND CONCLUSIONS

The Office of the Comptroller has a unique perspective on state finance based on insights gained through control of day-to-day operations and experience with GAAP. With this background, we take this opportunity to make proposals intended to strengthen state finance.

- The Commonwealth should modify state finance law so that the budget development process is conducted in accordance with GAAP. For the past several years, the Commonwealth has been gradually modifying some of its budget practices to better conform with GAAP, but the time has come to implement full GAAP basis budgeting. This will promote the identification of important financial trends in a more accurate and timely manner.

  The five major differences between GAAP and the Commonwealth's statutory basis were described earlier in this narrative. The Office of the Comptroller believes it is imperative to bring the issues, highlighted under GAAP, into the public policy debate on the budget. In order to accomplish a positive GAAP fund balance, it will be necessary to create a funding strategy to address the unfunded liabilities in such major programs as the Medicaid program and in the Commonwealth's support to the MBTA. Since the Medicaid program is extensively related to federal mandates, a total solution may not be within the Commonwealth's reach. However, a phased approach, whereby the size of the liability is constrained or reduced through funding Medicaid reserve accounts is meritorious. The solution to the MBTA is totally within the Commonwealth's domain. Again, a multi-year phased approach of funding to eliminate the GAAP liability is recommended. It may take two or three years of positive economic growth and tough budget choices, but the goal of a positive GAAP fund balance is achievable. Other states have embarked on this course, and so should the Commonwealth.

- Regarding financial management, the Office of the Comptroller believes that continued Executive and Legislative attention should be directed to the budgeting and management of non-tax revenues. For years, expenditure planning and control has been emphasized, but this has not been matched by an emphasis on non-tax revenue management. As a result, the Commonwealth does not have sophisticated budgeting practices for non-tax revenue, and there are insufficient computer systems to support revenue planning, monitoring, or reporting. Current efforts and investments to modernize systems, policies and procedures must be continued. The Commonwealth should also examine incentives for revenue management.

- Consistent with the prior recommendations, the Office of the Comptroller believes the Commonwealth's current fund structure should be streamlined. The proliferation of budgeted Special Revenue Funds has fractured, not strengthened, the budget process. As special interest groups have enjoyed political success in carving out dedicated revenues and removing operations from the General Fund budget, the capacity for centralized planning and control has diminished. The numerous non-budgeted Special Revenue Funds and Capital Projects Funds further complicate efforts to obtain a comprehensive view of state finance.

Legislation should be enacted to simplify the fund structure, and reduce the number of funds to a more manageable number. The current practices of "fund splitting" appropriations and interfund transfers should be eliminated. Also, the definition of a balanced budget, and the terms and conditions for deposits into the Stabilization Fund should be simplified. This would result in a more coherent and understandable picture of the Commonwealth's Governmental Fund financial activity.

The Commonwealth has a tremendous opportunity to employ new technologies to improve its financial and administrative operations. In FY 93 the Governor proposed and the Legislature enacted the Information Technology Capital Outlay. The opportunity exists to re-engineer old business practices and engage new client service technology, image enabling systems, graphical user interfaces, user friendly query systems. workflow management, and electronic data interchange with electronic benefits transfer and electronic funds transfer. Funding for the re-engineering of MMARS is in place. A major redesign of the budget preparation and execution system is funded. The human resource/compensation management systems are funded for major change. Furthermore, these three entities, the Comptroller's Office, the Budget Bureau, and the Department of Personnel Administration, have joined with other organizations such as the Office of Management Information Systems, the Department of Procurement and General Services and the State Treasurer's Office and key companies in the private sector high tech industry. This unprecedented coalition is driving Commonwealth- wide change. This creates an exciting opportunity to make strategic investments that will position the Commonwealth successfully into the next century. The Commonwealth must maximize these opportunities.

In conclusion, this report represents the continued commitment of the Office of the Comptroller to promote quality in the Commonwealth's financial management. I express my sincere appreciation to the dedicated professionals in the Comptroller's Office, other state departments, and other organizations whose efforts are reflected in this report. In addition, the work of the several project teams to implement the Information Technology projects mentioned above is especially noteworthy. You are launched on projects that will create enduring value not only to Massachusetts, but to states and other governments throughout the nation. You exemplify the cutting edge of innovation and the citizens of the Commonwealth are well served by professionals of your caliber.

The Office of the Comptroller transmits the Comprehensive Annual Financial Report for FY 93 in accordance with Section 12 of Chapter 7A of the General Laws.

Respectfully transmitted,

William Kilmartin

William Kilmartin
Comptroller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Commonwealth of Massachusetts

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1992

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

Arnold L. Hahn
President

Jeffrey L. Esser
Executive Director

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Commonwealth of Massachusetts
Fiscal Year Ended June 30, 1993

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Financial Section

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Deloitte & Touche

125 Summer Street
Boston, Massachusetts 02110-1617

Telephone: (617) 261-8000
Facsimile: (617) 261-8111

Independent Auditors' Report

Mr. William Kilmartin, Comptroller
The Commonwealth of Massachusetts

We have audited the accompanying general purpose financial statements of the Commonwealth of Massachusetts as of June 30, 1993, and for the year then ended. These general purpose financial statements are the responsibility of the management of the Commonwealth of Massachusetts. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the University of Massachusetts, Massasoit Community College and the State College Building Authority, which statements reflect 72 percent of the total assets and 81 percent of the revenues of the University and College Fund Type. We did not audit the financial statements of the Pension Reserves Investment Trust which is an investment vehicle for certain of the Commonwealth of Massachusetts' Pension Trust Funds, the financial statements which reflect 24 percent of the total assets and 23 percent of the revenues of the Fiduciary Fund Type. Except for the Massachusetts Technology Development Corporation and the Massachusetts Convention Center Authority, which represents 2 percent of assets and revenues, we did not audit the financial statements of the entities which comprise the Proprietary Fund Type. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the University and College Fiduciary and Proprietary Funds Types referred to above, is based solely on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based upon our audit and the reports of the other auditors, such general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Commonwealth of Massachusetts as of June 30, 1993, and the results of its operations and cash flows of its Proprietary Fund Type and Nonexpendable Trust Fund for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 16 to the general purpose financial statements, the Commonwealth of Massachusetts has changed its method of reporting the activities of Commonwealth of Massachusetts institutions of higher education and the institutions' affiliated entities.

As discussed in Note 1, the Fiduciary Fund Type includes investments representing 6.5 percent of the assets of the Fiduciary Fund Types, whose values have been estimated by management in the absence of readily ascertainable market values. The procedures used by management in arriving at the estimated value of such investments and the underlying documentation have been reviewed and inspected by us and by the other auditors' and, in the circumstances, we believe and the other auditors' report states their belief, that the procedures of management are reasonable and the documentation appropriate. However, determination of the value of these investments involves subjective judgment because the actual market value can be determined only by negotiation between the parties in a sales transaction. The estimated values of the investments may differ from the values that would have been used had a ready market existed for the investments.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements, schedules and required supplementary information, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Commonwealth of Massachusetts. These financial statements, schedules and supplementary information are the responsibility of the management of the Commonwealth of Massachusetts. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, based on our audit and the reports of other auditors, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and, accordingly, we express no opinion on such data.

Deloitte & Touche

December 28, 1993

COMMONWEALTH OF MASSACHUSETTS -

GENERAL PURPOSE FINANCIAL STATEMENTS

COMMONWEALTH OF MASSACHUSETTS

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1993

(Amounts in thousands)

	Governmental Fund Types			Proprietary Fund Types	Fiduciary Fund Types	University and College Fund Type	Account Groups		Totals (Memorandum Only)	
ASSETS AND OTHER DEBITS	General	Special Revenue	Capital Projects	Enterprise	Trust and Agency	University and Colleges	General Fixed Assets	General Long-term Obligations	1993	1992 (As restated)
Cash and short-term investments	$ 0	$ 935,257	$ 0	$ 229,498	$ 1,278,555	$ 139,251	$ 0	$ 0	$ 2,582,561	$ 2,290,056
Deposits						49,506			49,506	
Investments				118,776	11,335,857	235,352			11,689,985	9,958,012
Restricted investments				767,408					767,408	1,146,634
Investments of deferred compensation plan					895,768				895,768	764,696
Annuity contracts					975,442				975,442	937,249
Assets held in trust					1,518,389				1,518,389	1,583,758
Receivables, net of allowance for uncollectibles										
Taxes	662,981	454,726			339,610				1,457,317	1,345,561
Due from federal government	565,456	112,373	87,209	179,132	1,009	12,739			957,918	958,006
Loans				171,752	8,151	43,546			223,449	105,965
Other receivables	184,460	53,668	457	29,199	71,352	131,367			470,503	308,707
Due from cities and towns	203,709	1,457							205,166	185,737
Due from other funds	15,884	313,139	57,353	385,485	409	26,320			798,590	443,692
Inventory				40,160		13,633			53,793	40,316
Fixed assets				8,251,859		2,022,031	3,012,230		13,286,120	10,767,764
Restricted and other assets				128,931		9,625			138,556	122,163
Amounts to be provided for retirement of general long-term obligations								14,031,267	14,031,267	13,512,105
Total assets and other debits	$ 1,632,490	$ 1,870,620	$ 145,019	$ 10,302,200	$ 16,424,542	$ 2,683,370	$ 3,012,230	$ 14,031,267	$ 50,101,738	$ 44,480,421

(Continued)

COMMONWEALTH OF MASSACHUSETTS

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1993

(Amounts in thousands)

LIABILITIES, FUND EQUITY AND OTHER CREDITS	Governmental Fund Types			Proprietary Fund Types	Fiduciary Fund Types	University and College Fund Type	Account Groups		Totals (Memorandum Only)	
	General	Special Revenue	Capital Projects	Enterprise	Trust and Agency	University and Colleges	General Fixed Assets	General Long-term Obligations	1993	1992 (As restated)
Liabilities:										
Accounts payable	$ 1,269,207	$ 283,175	$ 242,144	$ 204,126	$ 92,075	$ 39,942	$ 0	$ 0	$ 2,130,669	$ 1,888,486
Accrued payroll	54,576	13,410	1,432	32,354	333	64,829			166,934	72,810
Compensated absences	93,474	44,679	3,031		412	103,188		76,280	321,064	244,492
Tax refunds and abatements payable	317,096	209,941			7,123				534,160	664,516
Due to cities and towns					12,710				12,710	16,410
Due to other funds	486,316	94,983	174,716		3,685	38,890			798,590	443,692
Due to federal government	13,000				269,429				282,429	308,033
Deferred revenue	136,364	66,357	437	211,976	28,568	5,136			448,838	360,336
Prizes payable					975,442				975,442	937,249
Deferred compensation benefits payable					895,768				895,768	764,696
Agency liabilities					2,883,236	9,186			2,892,422	2,957,494
Claims and judgments	143,995	79,466	1,150		136	67,487		401,864	694,098	599,960
Deposits and unearned revenue						5,776			5,776	
Other accrued liabilities		70,040	2,966	211,140		51,307			335,453	336,133
Capital leases						0		33,329	33,329	37,252
Bonds, notes payable and certificates of participation	240,000		84,434	4,667,297		274,481		9,231,458	14,497,670	13,923,144
School construction grants								1,926,082	1,926,082	1,616,485
Unfunded pension costs								2,362,254	2,362,254	2,117,685
Total liabilities	2,754,028	862,051	510,310	5,326,893	5,168,917	660,222		14,031,267	29,313,688	27,288,873
Fund equity and other credits:										
Investment in general fixed assets							3,012,230		3,012,230	2,979,943
Contributed capital				5,046,901					5,046,901	5,078,131
Retained earnings:										
Reserved for investment programs				19,168					19,168	17,394
Unreserved				(90,762)					(90,762)	(68,352)
Fund balances (deficit):										
Unrestricted						129,230			129,230	
Restricted						83,907			83,907	
Unexpended plant funds						27,868			27,868	
Renewals and replacements						15,647			15,647	
Retirement of indebtedness						19,351			19,351	
Net investment in plant						1,734,458			1,734,458	
Reserved for pension benefits					11,121,148				11,121,148	9,648,666
Reserved for specific purpose					5,779				5,779	5,779
Unreserved	(1,121,538)	1,008,569	(365,291)		128,698				(349,562)	(470,013)
Total fund equity (deficit) and other credits	(1,121,538)	1,008,569	(365,291)	4,975,307	11,255,625	2,010,461	3,012,230		20,775,363	17,191,548
Total liabilities, fund equity and other credits	$ 1,632,490	$ 1,870,620	$ 145,019	$ 10,302,200	$ 16,424,542	$ 2,670,683	$ 3,012,230	$ 14,031,267	$ 50,089,051	$ 44,480,421

See notes to general purpose financial statements.

(Concluded)

COMMONWEALTH OF MASSACHUSETTS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

FISCAL YEAR ENDED JUNE 30, 1993

(Amounts in thousands)

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)	
	General	Special Revenue	Capital Projects	Expendable Trust	1993	1992 (As restated)
Revenues:						
Taxes	$ 6,215,150	$ 3,805,616	$ 0	$ 1,073,002	$ 11,093,768	$ 10,320,163
Assessments	192,072	404,778		2,565	599,415	788,552
Federal grants and reimbursements	2,616,844	1,157,020	720,007	636,309	5,130,180	4,512,512
Departmental	517,912	2,791,133	553	3,054	3,312,652	2,821,271
Miscellaneous	347,558	35,012	264	63,124	445,958	458,360
Total revenues	9,889,536	8,193,559	720,824	1,778,054	20,581,973	18,900,858
Other financing sources:						
Proceeds of general obligation bonds			368,367		368,367	720,847
Proceeds of special obligation bonds						100,000
Proceeds of refunding bonds			1,891,468		1,891,468	574,313
Proceeds of capital leases	13,297				13,297	17,507
Operating transfers in	353,563	715,507	108,090	2,768	1,179,928	1,030,517
Other	20,278		26,104		46,382	54,379
Total other financing sources	387,138	715,507	2,394,029	2,768	3,499,442	2,497,563
Total revenues and other financing sources	10,276,674	8,909,066	3,114,853	1,780,822	24,081,415	21,398,421
Expenditures:						
Current:						
Legislature	40,798				40,798	44,569
Judiciary	87,829	217,773		2,179	307,781	314,956
Inspector General	1,304				1,304	979
Governor and Lieutenant Governor	3,680				3,680	3,611
Secretary of the Commonwealth	11,955	2,149		7	14,111	11,747
Treasurer and Receiver – General	104,224	1,555,247		19	1,659,490	1,379,284
Auditor of the Commonwealth	9,394	717		347	10,458	10,401
Attorney General	33,969	2,420		672	37,061	18,861
Ethics Commission	1,003				1,003	870
District Attorney	11,087	33,017		3,039	47,143	42,306
Office of Campaign and Political Finance	539				539	516
Board of Library Commissioners	51	4,568		1	4,620	4,004
Comptroller	5,546				5,546	5,536
Administration and finance	575,926	106,364		1,169	683,459	829,928

(Continued)

COMMONWEALTH OF MASSACHUSETTS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

FISCAL YEAR ENDED JUNE 30, 1993

(Amounts in thousands)

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)	
	General	Special Revenue	Capital Projects	Expendable Trust	1993	1992 (As restated)
Expenditures (continued):						
Current (continued):						
Environmental affairs	29,230	132,397		5,666	167,293	148,128
Communities and development	172,354	191,260		1,167	364,781	399,145
Health and human services	3,149,776	884,106		51,370	4,085,252	4,030,490
Transportation and construction	47,394	226,097		779	274,270	92,883
Education	10,098	458,598		1,190	469,886	393,865
Educational affairs	2,212	7,390			9,602	16,926
Higher education	67,128	2,167		164	69,459	32,723
Public safety	335,147	275,681		2,254	613,082	659,660
Economic affairs	20,625	189,604		1,497,867	1,708,096	1,872,862
Elder affairs	122,300	27,394		23	149,717	136,572
Consumer affairs	24,822	4,959		2,541	32,322	29,523
Labor	22,337	1,999		24,322	48,658	50,121
Direct local aid	5,318	2,541,183			2,546,501	2,278,426
Medicaid	3,151,361				3,151,361	2,852,674
Capital outlay:						
Local aid			104,876		104,876	87,145
Capital acquisition and construction			1,132,549		1,132,549	1,102,236
Pension	347,676	545,762			893,438	751,519
Debt service:						
Principal retirement	482,643	109,850			592,493	342,282
Interest and fiscal charges	390,083	160,091			550,174	558,784
Total expenditures	9,267,809	7,680,793	1,237,425	1,594,776	19,780,803	18,503,532
Other financing uses:						
Payments to refunded bond escrow agent			1,891,468		1,891,468	574,313
Operating transfers out	604,389	993,112	122,891	4,087	1,724,479	2,187,669
Transfers of appropriations	617,374	1,443			618,817	
Transfers of bond proceeds			24,796		24,796	
Other uses		257			257	
Total other financing uses	1,221,763	994,812	2,039,155	4,087	4,259,817	2,761,982
Total expenditures and other other financing uses	10,489,572	8,675,605	3,276,580	1,598,863	24,040,620	21,265,514
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(212,898)	233,461	(161,727)	181,959	40,795	132,907
Fund balances (deficit) at beginning of year	(988,296)	775,108	(203,564)	(53,261)	(470,013)	(602,920)
Residual equity transfer	79,656				79,656	
Fund balances (deficit) at end of year	$ (1,121,538)	$ 1,008,569	$ (365,291)	$ 128,698	$ (349,562)	$ (470,013)

See notes to general purpose financial statements

(Concluded)

COMMONWEALTH OF MASSACHUSETTS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - STATUTORY BASIS
BUDGET AND ACTUAL - GENERAL AND BUDGETED SPECIAL REVENUE FUNDS

FISCAL YEAR ENDED JUNE 30, 1993

(Amounts in thousands)

	General Fund			Budgeted Special Revenue Funds			Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:									
Taxes	$ 5,796,200	$ 5,906,225	$ 110,025	$ 3,888,800	$ 4,023,669	$ 134,869	$ 9,685,000	$ 9,929,894	$ 244,894
Assessments		190,595	190,595		7,913	7,913		198,508	198,508
Federal grants and reimbursements	2,648,600	2,662,268	13,668	5,600	11,808	6,208	2,654,200	2,674,076	19,876
Departmental	729,800	478,429	(251,371)	482,900	542,003	59,103	1,212,700	1,020,432	(192,268)
Miscellaneous		322,522	322,522		36,489	36,489		359,011	359,011
Total revenues	9,174,600	9,560,039	385,439	4,377,300	4,621,882	244,582	13,551,900	14,181,921	630,021
Other financing sources:									
Fringe benefit cost recovery		138,296	138,296					138,296	138,296
Operating transfers in	305,900	197,780	(108,120)	536,800	594,569	57,769	842,700	792,349	(50,351)
Stabilization transfer					76,872	76,872		76,872	76,872
Other sources	45,000	16,250	(28,750)		1	1	45,000	16,251	(28,749)
Total other financing sources	350,900	352,326	1,426	536,800	671,442	134,642	887,700	1,023,768	136,068
Total revenues and other financing sources	9,525,500	9,912,365	386,865	4,914,100	5,293,324	379,224	14,439,600	15,205,689	766,089
Expenditures:									
Legislature	54,028	41,123	12,905				54,028	41,123	12,905
Judiciary	86,179	84,185	1,994	228,570	221,825	6,745	314,749	306,010	8,739
Inspector General	1,289	1,279	10				1,289	1,279	10
Governor and Lieutenant Governor	4,253	3,651	602				4,253	3,651	602
Secretary of the Commonwealth	11,825	11,705	120	1,401	1,395	6	13,226	13,100	126
Treasurer and Receiver - General	108,657	102,883	5,774	1,207	807	400	109,864	103,690	6,174
Auditor of the Commonwealth	9,469	9,466	3	717	717		10,186	10,183	3
Attorney General	18,195	17,884	311	734	712	22	18,929	18,596	333
Ethics Commission	1,009	1,002	7				1,009	1,002	7
District Attorney	13,163	11,052	2,111	33,489	31,191	2,298	46,652	42,243	4,409
Office of Campaign and Political Finance	547	545	2				547	545	2
Board of Library Commissioners				2,198	1,729	469	2,198	1,729	469
Comptroller	5,046	5,037	9	525	525		5,571	5,562	9
Administration and finance	757,799	709,412	48,387	216,229	202,356	13,873	974,028	911,768	62,260
Environmental affairs	31,668	28,625	3,043	120,962	111,053	9,909	152,630	139,678	12,952
Communities and development	179,533	172,419	7,114	1,874	1,682	192	181,407	174,101	7,306

(Continued)

COMMONWEALTH OF MASSACHUSETTS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - STATUTORY BASIS
BUDGET AND ACTUAL - GENERAL AND BUDGETED SPECIAL REVENUE FUNDS

FISCAL YEAR ENDED JUNE 30, 1993

(Amounts in thousands)

	General Fund			Budgeted Special Revenue Funds			Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (continued)									
Health and human services	3,295,589	3,193,277	102,312	42,354	15,931	26,423	3,337,943	3,209,208	128,735
Transportation and construction	606,500	596,270	10,230	249,252	221,812	27,440	855,752	818,082	37,670
Education	10,745	10,187	558	72,270	71,444	826	83,015	81,631	1,384
Educational affairs	2,374	2,201	173	7,323	7,323		9,697	9,524	173
Higher education	557,799	543,497	14,302	1,611	1,448	163	559,410	544,945	14,465
Public safety	332,089	325,647	6,442	273,778	259,043	14,735	605,867	584,690	21,177
Economic affairs	23,152	21,813	1,339	18,283	15,273	3,010	41,435	37,086	4,349
Elder affairs	123,974	122,323	1,651	3,194	3,188	6	127,168	125,511	1,657
Consumer affairs	26,288	24,957	1,331	4,780	4,322	458	31,068	29,279	1,789
Labor	24,473	22,370	2,103				24,473	22,370	2,103
Direct local aid	5,366	5,318	48	2,549,519	2,541,183	8,336	2,554,885	2,546,501	8,384
Medicaid	3,158,280	3,151,361	6,919				3,158,280	3,151,361	6,919
Pension	350,517	338,460	12,057	532,983	529,694	3,289	883,500	868,154	15,346
Debt service									
Principal retirement	290,518	290,518		306,888	300,561	6,327	597,406	591,079	6,327
Interest and fiscal charges	361,711	319,674	42,037	257,102	228,770	28,332	618,813	548,444	70,369
Total expenditures	10,452,035	10,168,141	283,894	4,927,243	4,773,984	153,259	15,379,278	14,942,125	437,153
Other financing uses									
Fringe benefit cost assessment					9,635	(9,635)		9,635	(9,635)
Operating transfers out	37,964	37,964		125,707	125,707		163,671	163,671	0
Stabilization transfer		46,123	(46,123)		30,749	(30,749)		76,872	(76,872)
Other uses					257	(257)		257	(257)
Total other financing uses	37,964	84,087	(46,123)	125,707	166,348	(40,641)	163,671	250,435	(86,764)
Total expenditures and other financing uses	10,489,999	10,252,228	237,771	5,052,950	4,940,332	112,618	15,542,949	15,192,560	350,389
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(964,499)	(339,863)	624,636	(138,850)	352,992	491,842	(1,103,349)	13,129	1,116,478
Fund balances (deficit) at beginning of year	(361,733)	(361,733)		911,177	911,177		549,444	549,444	
Fund balances (deficit) at end of year	$ (1,326,232)	$ (701,596)	$ 624,636	$ 772,327	$ 1,264,169	$ 491,842	$ (553,905)	$ 562,573	$ 1,116,478

See notes to general purpose financial statements.

(Concluded)

COMMONWEALTH OF MASSACHUSETTS

COMBINED STATEMENT OF REVENUES, EXPENSES,
CHANGES IN RETAINED EARNINGS/FUND BALANCES AND CHANGES IN CONTRIBUTED CAPITAL -
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS

FISCAL YEAR ENDED JUNE 30, 1993

(Amounts in thousands)

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)	
	Enterprise Funds	Nonexpendable Trust Funds	Pension Trust Funds	1993	1992 (As restated)
Operating revenues					
Contributions	$ 0	$ 0	$ 1,072,789	$ 1,072,789	$ 967,133
Investment income			1,301,368	1,301,368	1,136,969
Charges for services	488,771			488,771	434,157
Donations	533			533	915
Other	2,519			2,519	2,179
Total operating revenues	491,823		2,374,157	2,865,980	2,541,353
Operating expenses					
Cost of services and administration	798,435		3,276	801,711	778,860
Retirement benefits and refunds			898,399	898,399	825,511
Depreciation	260,460			260,460	230,434
Total operating expenses	1,058,895		901,675	1,960,570	1,834,805
Operating income (loss)	(567,072)		1,472,482	905,410	706,548
Nonoperating revenues (expenses)					
Operating grants	19,850			19,850	20,254
Interest income	61,286			61,286	46,158
Other revenues	3,839			3,839	2,336
Interest expense	(264,187)			(264,187)	(216,696)
Other expenses	(43,728)			(43,728)	(49,932)
Nonoperating revenues (expenses), net	(222,940)			(222,940)	(197,880)
Income (loss) before operating transfers and extraordinary item	(790,012)		1,472,482	682,470	508,668
Transfers and extraordinary item					
Operating transfers in	617,246			617,246	606,439
Extraordinary item - loss on defeasance					(41,305)
Total transfers and extraordinary item	617,246			617,246	565,134
Net income (loss)	(172,766)		1,472,482	1,299,716	1,073,802

(Continued)

COMMONWEALTH OF MASSACHUSETTS

COMBINED STATEMENT OF REVENUES, EXPENSES,
CHANGES IN RETAINED EARNINGS/FUND BALANCES AND CHANGES IN CONTRIBUTED CAPITAL -
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS

FISCAL YEAR ENDED JUNE 30, 1993

(Amounts in thousands)

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)	
	Enterprise Funds	Nonexpendable Trust Funds	Pension Trust Funds	1993	1992 (As restated)
Add Depreciation of fixed assets acquired from contributed capital	152,130			152,130	136,083
Transfer of extraordinary item to contributed capital					41,305
Increase (decrease) in retained earnings/fund balances	(20,636)		1,472,482	1,451,846	1,251,190
Retained earnings/fund balances at beginning of year	(50,958)	5,779	9,648,666	9,603,487	8,352,297
Retained earnings/fund balances at end of year	$ (71,594)	$ 5,779	$ 11,121,148	$ 11,055,333	$ 9,603,487
Contributed capital at beginning of year	$ 5,078,131	$ 0	$ 0	$ 5,078,131	$ 4,959,299
Add Capital contributions	200,976			200,976	296,220
Less Depreciation of fixed assets acquired from contributed capital	(152,130)			(152,130)	(136,083)
Residual equity transfer	(79,656)			(79,656)	
Loss on defeasance					(41,305)
Other	(420)			(420)	
Contributed capital at end of year	$ 5,046,901	$ 0	$ 0	$ 5,046,901	$ 5,078,131

See notes to general purpose financial statements.

(Concluded)

COMMONWEALTH OF MASSACHUSETTS

COMBINED STATEMENT OF CASH FLOWS –
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND

FISCAL YEAR ENDED JUNE 30, 1993

(Amounts in thousands)

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)	
	Enterprise funds	Nonexpendable Trust Funds	1993	1992 (As restated)
Cash flows from operating activities				
Operating loss	$ (567,072)	$ 0	$ (567,072)	$ (569,096)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities				
Depreciation	260,460		260,460	230,434
Gain on sale of equipment	(379)		(379)	
Other nonoperating revenues	3,839		3,839	2,336
Other nonoperating expenses	(43,728)		(43,728)	(49,932)
Other	(420)		(420)	
Change in assets and liabilities				
Due from federal government	(13,522)		(13,522)	(93,081)
Loans	(74,723)		(74,723)	(77,668)
Other receivables	17,681		17,681	(14,366)
Due from other funds	(46,092)		(46,092)	(45,493)
Inventory	156		156	7,760
Restricted and other assets	(7,685)		(7,685)	25,023
Accounts payable	31,824	3	31,827	40,021
Accrued payroll	2,200		2,200	37,662
Deferred revenue	31,303		31,303	30,597
Other accrued liabilities	4,939		4,939	(19,929)
Total adjustments	**165,853**	**3**	**165,856**	**73,364**
Net cash used for operating activities	**(401,219)**	**3**	**(401,216)**	**(495,732)**
Cash flows from noncapital financing activities				
Operating grants	19,850		19,850	20,254
Operating transfers	617,246		617,246	606,439
Residual equity transfers	(79,656)		(79,656)	
Net cash provided by noncapital financing activities	**557,440**		**557,440**	**626,693**
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(711,624)		(711,624)	(789,120)
Proceeds from the issuance of bonds and notes	2,894,761		2,894,761	2,941,272
Interest on bonds and notes	(264,187)		(264,187)	(216,696)
Capital contributions	200,976		200,976	296,220
Principal payments on bonds and notes	(1,427,890)		(1,427,890)	(1,452,448)
Amortization of bond discount	10,109		10,109	1,429
Loss on refunding	(206,960)		(206,960)	(41,305)
Proceeds from sale of equipment	771		771	
Payment to escrow agent	(1,786,938)		(1,786,938)	(147,006)
Receipts from capital grants				600
Net cash provided by (used for) capital and related financing activities	**(1,290,982)**		**(1,290,982)**	**592,946**

(Continued)

COMMONWEALTH OF MASSACHUSETTS

COMBINED STATEMENT OF CASH FLOWS -
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND

FISCAL YEAR ENDED JUNE 30, 1993

(Amounts in thousands)

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)	
	Enterprise funds	Nonexpendable Trust Funds	1993	1992 (As restated)
Cash flows from investing activities:				
Purchases of investments	(1,430,792)		(1,430,792)	(3,292,350)
Sales and maturities of investments	2,613,243		2,613,243	2,537,104
Interest income	61,286		61,286	46,158
Net cash provided by investing activities	1,243,737		1,243,737	(709,088)
Net increase in cash and cash equivalents	108,976	3	108,979	14,819
Cash and cash equivalents at beginning of year	120,522	5,779	126,301	111,482
Cash and cash equivalents at end of year	$ 229,498	$ 5,782	$ 235,280	$ 126,301
Reconciliation:				
Cash and cash equivalents at end of year	$ 229,498	$ 5,782	$ 235,280	$ 126,301
Cash and cash equivalents at end of year, Pension Trust, Expendable Trust and Agency		1,272,773	1,272,773	1,205,289
Cash and cash equivalents per the Combined Balance Sheet	$ 229,498	$ 1,278,555	$ 1,508,053	$ 1,331,590

See notes to general purpose financial statements

(Concluded)

COMMONWEALTH OF MASSACHUSETTS

STATEMENT OF CHANGES IN FUND BALANCES – UNIVERSITY AND COLLEGE FUND

FISCAL YEAR ENDED JUNE 30, 1993

(Amounts in thousands)

	Current Funds		Loan Fund	Endowment and Similar Funds	Plant Funds	Total
	Unrestricted	Restricted				
Revenues and other additions						
Unrestricted current funds revenues	$ 975,642	$ 0	$ 0	$ 0	$ 0	$ 975,642
Federal appropriations		7,277				7,277
Federal grants and contracts		176,228	1,353		329	177,910
State grants and contracts		6,594	62			6,656
Local grants and contracts		2,481				2,481
Private gifts, grants and contracts		53,340	3	408	8,147	61,898
Investment income		588	21	56	2,223	2,888
Interest on loans receivable			813			813
Net realized gain (loss) on investments				618		618
Reimbursed loan cancellations			27			27
Other income		358	61		104	523
Expended for plant facilities					71,887	71,887
Retirement of indebtedness					12,219	12,219
Other additions		119	4,578	369	3,263	8,329
Total revenue and other additions	975,642	246,985	6,918	1,451	98,172	1,329,168
Expenditures and other deductions						
Educational and general expenditures	1,043,259	258,794				1,302,053
Auxiliary enterprises expenditures	124,027					124,027
Indirect costs recovered		32,669				32,669
Hospital expenditures	218,583					218,583
Group practice plan expenditures	99,603					99,603
Refunded to grantors and donors		222	15			237
Loan cancellations and write-offs			1,165			1,165
Administrative and collection costs			615	286	1,920	2,821
Retirement of indebtedness					12,219	12,219
Interest on indebtedness					19,936	19,936
Expended for plant facilities					41,268	41,268
Depreciation and amortization					11,539	11,539
Disposal of plant facilities					11,538	11,538
Other deductions			21		3,581	3,602
Total expenditures and other deductions	1,485,472	291,685	1,816	286	102,001	1,881,260
Mandatory transfers						
Principal and interest	(32,896)				32,896	
Renewals and replacements	(1,381)				1,381	
Student loan fund matching		(397)	397			
Other mandatory transfers	(72,695)					(72,695)
Nonmandatory transfers						
Transfers of appropriation	579,888	35,809			3,120	618,817
Transfers of bond proceeds		8,744			16,052	24,796
Unexpended plant funds	(4,000)				4,000	
Renewals and replacements	(7,922)	(117)			8,039	
Other nonmandatory transfers	(274)	(479)	(48)	43	758	
Total transfers	460,720	43,560	349	43	66,246	570,918
Net increase (decrease) for the year	(49,110)	(1,140)	5,451	1,208	62,417	18,826
Fund balances at the beginning of year	172,087	22,921	41,952	19,768	1,734,907	1,991,635
Fund balances at end of year	$ 122,977	$ 21,781	$ 47,403	$ 20,976	$ 1,797,324	$ 2,010,461

See notes to general purpose financial statements.

COMMONWEALTH OF MASSACHUSETTS

COMBINED STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES, AND OTHER CHANGES – UNIVERSITY AND COLLEGE FUND

FISCAL YEAR ENDED JUNE 30,1993

(Amounts in thousands)

	Current Funds		
	Unrestricted	Restricted	Total
Revenues and other additions:			
Tuition and fees	$ 379,069	$ 0	$ 379,069
Federal appropriations		7,158	7,158
Federal grants and contracts	377	154,084	154,461
State grants and contracts	671	5,301	5,972
Local grants and contracts	26	2,221	2,247
Private gifts, grants and contracts	37,758	44,301	82,059
Endowment income	204		204
Sales and service, educational	10,333		10,333
Sales and service, auxiliary enterprises	121,366		121,366
Sales and service, hospital	225,165		225,165
Sales and service, group practice plan	84,517		84,517
Recovery of indirect costs	32,652	17	32,669
Other investment income	15,610	791	16,401
Other	67,894	460	68,354
Total current funds revenues	975,642	214,333	1,189,975
Expenditures:			
Instruction	483,392	38,585	521,977
Research	37,754	87,299	125,053
Public service	14,819	28,057	42,876
Academic support	101,987	12,353	114,340
Student services	87,514	5,998	93,512
Institutional support	143,393	2,368	145,761
Operation and maintenance of plant	136,088	2,766	138,854
Scholarships and fellowships	38,312	81,368	119,680
Auxiliary enterprises	124,027		124,027
Hospital	218,583		218,583
Group practice plan	99,603		99,603
Total current funds expenditures	1,485,472	258,794	1,744,266
Transfers and other changes:			
Mandatory tranfers:			
Principal and interest	(32,896)		(32,896)
Renewals and replacements	(1,381)		(1,381)
Student loan fund matching		(397)	(397)
Other	(72,695)		(72,695)
Nonmandatory transfers and other changes:			
Transfers of appropriation	579,888	35,745	615,633
Transfers of bond proceeds		8,716	8,716
Unexpended plant funds	(3,800)		(3,800)
Renewals and replacements	(7,922)	(289)	(8,211)
Other nonmandatory transfers	(474)	(479)	(953)
Refunds to grantors		(222)	(222)
Excess of transfers to revenue over restricted receipts		247	247
Total transfers and other changes	460,720	43,321	504,041
Total decrease in fund balances	$ (49,110)	$ (1,140)	$ (50,250)

See notes to general purpose financial statements.

COMMONWEALTH OF MASSACHUSETTS

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 1993

1. Summary of Significant Accounting Policies:

The accompanying financial statements of the Commonwealth of Massachusetts (the Commonwealth) have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Commonwealth's accounting policies are described below.

a. Reporting Entity -

The financial statements include the departments, agencies, boards, and commissions governed by the legislative, judicial and constitutional offices of the Commonwealth, the public institutions of higher education, and the State Employees' and Teachers' Retirement Systems. Also reported are the independent authorities and other organizations over which oversight authority is exercised. These authorities, which are reported as Enterprise Funds, were included based on the following criteria:

- Commonwealth's ability to exercise oversight responsibility, evidenced by:
  - Financial interdependency
  - Selection of governing authority
  - Designation of management
  - Ability to significantly influence operations
  - Accountability for fiscal matters
- Scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens.
- Existence of special financing relationships, regardless of whether the government exercises oversight responsibility.

The following authorities are included in the reporting entity:

Massachusetts Bay Transportation Authority (MBTA)
Massachusetts Convention Center Authority (MCCA)
Massachusetts Water Resources Authority (MWRA)
Bay State Skills Corporation
Government Land Bank
Massachusetts Community Development Finance Corporation
Massachusetts Industrial Finance Agency

1. Summary of Significant Accounting Policies (Continued):

a. Reporting Entity (Continued) -

Massachusetts Technology Development Corporation
Massachusetts Technology Park Corporation
Massachusetts Water Pollution Abatement Trust (WPAT)

The following authorities are excluded from the reporting entity:

The Massachusetts Turnpike Authority - Board members are appointed by the Governor for staggered three-year terms but do not maintain a significant relationship with the Commonwealth. The Turnpike Authority is financially independent of the Commonwealth because it establishes its own rates, issues debt and sets budgets without Commonwealth oversight. Debt is supported solely from its revenues.

The Massachusetts Port Authority - Board members are appointed by the Governor for staggered seven-year terms, but the Port Authority is considered financially independent of the Commonwealth because it selects management staff, sets user charges, issues debt, establishes budgets and controls aspects of general aviation and other transportation management and development without oversight by the Commonwealth. The Commonwealth provides no funding, and the Port Authority's debt is supported solely by its own revenues.

Massachusetts Home Finance Agency, Massachusetts Housing Finance Agency and Massachusetts Health and Educational Facilities Authority (MHEFA) - The Commonwealth does not have the ability to significantly influence operations of these entities, nor does it guarantee their debt. Therefore, the Commonwealth does not exercise oversight responsibility over them. The Commonwealth maintains no special financing relationships with these entities.

1. Summary of Significant Accounting Policies (Continued):

b. Fund Accounting -

The Commonwealth reports its financial position and results of operations in funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. Transactions between funds within a fund type, if any, have not been eliminated.

Account groups are accounting entities used to provide accountability for the Commonwealth's general fixed assets and general long-term obligations. They are not considered funds because they do not report expendable available financial resources and related liabilities.

The Commonwealth has established the following fund categories, fund types and account groups:

Governmental Funds - account for the general governmental functions of the Commonwealth.

The General Fund is the primary operating fund of the Commonwealth. It is used to account for all governmental transactions, except those required to be accounted for in another fund.

Special Revenue Funds are used to account for specific revenue sources, other than expendable trusts or major capital financing, that have been segregated according to state finance law to support specific governmental activities.

Capital Projects Funds are used to account for financial resources used to acquire or construct major capital assets and to finance local capital projects. These resources are derived primarily from proceeds of general obligation bonds, which are generally received after the expenditure has been incurred, and from federal reimbursements.

1. Summary of Significant Accounting Policies (Continued):

b. Fund Accounting (Continued) -

Proprietary Funds - are used to account for activities similar to those found in the private sector where net income and capital maintenance are measured.

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. Costs of providing goods and services to the general public on a continuing basis, including depreciation, are financed or recovered primarily through user charges.

Fiduciary Funds - are used to account for assets held by the Commonwealth in a trustee capacity, or as an agent for individuals, private organizations, other governmental units, and/or other funds.

Expendable Trust Funds are used to account for trusts whose principal and income may be expended for their designated purpose.

Nonexpendable Trust Funds are used to account for trusts whose principal cannot be spent.

Pension Trust Funds are used to account for the assets, liabilities and fund equities held in trust for the State Employees' and Teachers' Retirement Systems.

Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations.

University and College Fund - is used to account for the activities specific to the operation of the Commonwealth's public institutions of higher education, including its medical school, and related Hospital, Group Practice Plan and building authorities.

Current Funds are used to account for unrestricted funds which may be used at the discretion of the individual institutions' governing bodies and for restricted funds which must be utilized for specific purposes established by others.

Loan funds account for resources available to make loans to students, facility and staff.

1. Summary of Significant Accounting Policies (Continued):

b. Fund Accounting (Continued) -

University and College Fund (Continued) -

Endowment and Similar Funds are comparable to trust funds, in that they must be administered according to the terms of specific agreements.

Plant Funds are used to account for resources that have been or will be invested to acquire or repair fixed assets or for the related debt service.

Account Groups - establish control and accountability over the Commonwealth's general fixed assets and general long-term obligations.

The General Fixed Assets Account Group is used to account for general fixed assets of the Commonwealth, which exclude the fixed assets of the Enterprise and University and College Funds.

The General Long-term Obligations Account Group is used to account for general and special obligation long-term bonds and notes issued by the Commonwealth, obligations under capital leases, certificates of participation, unpaid pension costs, compensated absences, claims and judgments and other long-term obligations, except for the liabilities of the Enterprise and University and College Funds.

c. Basis of Accounting -

Governmental and Expendable Trust Funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. "Available" means expected to be collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Significant revenues susceptible to accrual include income, sales and use, corporation and other taxes, federal grants, federal reimbursements and other reimbursements for use of materials and services. Revenues from other sources are recognized when received. Expenditures are recorded in the period in which the related fund liability is incurred. Principal and interest on general long-term obligations are recorded as fund liabilities when due.

1. Summary of Significant Accounting Policies (Continued):

c. Basis of Accounting (Continued) -

Enterprise, Nonexpendable Trust and Pension Trust Funds are reported using a flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Agency Fund assets and liabilities are reported using the modified accrual basis of accounting.

University and College Fund activities are reported using the accrual basis of accounting, except that depreciation is recorded only for those plant fund assets related to the hospital and group practice plan.

Statutory (Budgetary) Accounting -

The Commonwealth's budgets are adopted in accordance with a statutory basis of accounting which is not in accordance with GAAP. Revenues are generally recognized when cash is received. However, revenues receivable for federal grants and reimbursements are recognized when related expenditures are incurred. Amounts due from certain political subdivisions of the Commonwealth are recognized when considered measurable and available at year end.

Expenditures generally are recorded when the related cash disbursement occurs. At year end, payroll is accrued and payables are recognized, to the extent of approved encumbrances, provided that the goods or services have been received by June 30. Other encumbrances are lapsed. Costs incurred under the federally-sponsored Medicaid program, amounts required to settle claims and judgments against the Commonwealth, and certain other liabilities are not recognized until they are encumbered or otherwise processed for payment.

Under the statutory basis of accounting, the Commonwealth uses encumbrance accounting to record the full amount of purchase orders, contracts and other commitments of appropriated resources as deductions from the appropriation prior to actual expenditure. In the Governmental Funds, encumbrance accounting is a significant aspect of budgetary control.

1. Summary of Significant Accounting Policies (Continued):

d. Cash and Short-term Investments and Investments -

The Commonwealth follows the practice of pooling cash and cash equivalents for all of its Governmental and Fiduciary Funds. Cash equivalents consist of short-term investments with an original maturity of three months or less and are stated at cost. Because this cash is pooled, an individual Governmental or Fiduciary fund may have a cash deficit. In these instances, the fund with the cash deficit will borrow from another fund. These interfund borrowings are reported as "Due from other funds" and "Due to other funds" on the balance sheet. Interest earned on pooled cash is allocated to the General Fund, Expendable Trust Funds and to certain Special Revenue Funds when so directed by law.

Equity securities of the Pension Trust Funds and deferred compensation plan investments are stated at market. The Massachusetts State Teachers and Employees Retirement Systems Trust (MASTERS) and the Pension Reserves Investment Trust Fund (PRIT), collectively the Pension Trust Funds have acquired investments in real estate, venture capital funds, real estate funds, limited partnerships, futures pools, international hedge pools, commodities pools, balanced pools, leverage buyouts, private placements and other alternative investments. The structure, risk profile, return potential and marketability differ from traditional equity and fixed income investments. As of June 30, 1993, the estimated values, determined by management with input from the investment managers, of these alternative investments were $487,529,832 in the Trust and $588,502,887 in the Fund.

Investments of the University of Massachusetts (UMass) are stated at the lower-of-cost or market (except for debt instruments to be held to maturity which are carried at amortized cost). Other investments are stated at cost or amortized cost.

Annuity contracts represent guaranteed investment contracts and are carried at present value.

e. Receivables -

Receivables are stated net of estimated allowances for uncollectible accounts. Reimbursements due to the Commonwealth for its expenditures on federally-funded reimbursement and grant programs are reported as "Due from federal government." The receivables in the Proprietary and University and College Funds are amounts that have arisen in the normal course of business.

1. Summary of Significant Accounting Policies (Continued):

f. Inventories -

The costs of materials and supplies are recorded as expenditures in Governmental Funds when purchased. Such inventories are not material in total to the financial statements.

Inventories included within Enterprise and the University and College Funds are stated at the lower of cost, using the first-in, first-out method, or market.

g. Fixed Assets -

For Governmental Funds, general fixed asset acquisitions are recorded as expenditures in the acquiring fund and capitalized in the General Fixed Assets Account Group in the year purchased. General fixed assets are recorded at historical cost, or at estimated historical cost if actual historical cost is not available. Donated fixed assets are recorded at fair market value at the time of the donation.

The Commonwealth capitalizes all land. It capitalizes buildings and equipment, including computer software, with costs in excess of fifteen thousand dollars at the date of acquisition and expected useful lives of greater than one year. Interest incurred during construction is not material and it is not capitalized. Infrastructure (roads, bridges, tunnels, dams, water and sewer systems, etc.) is not capitalized. No depreciation is provided on general fixed assets.

Fixed assets of the Enterprise Funds are capitalized upon purchase and depreciated on a straight-line basis over the estimated useful lives of the assets. Interest incurred during construction is capitalized. The estimated useful lives of fixed assets are as follows:

Structures and improvements	3 - 100 years
Equipment, furniture, fixtures and vehicles	3 - 25 years

Fixed assets of the University and College Fund are recorded at cost when purchased or constructed. Major construction projects financed through the issuance of Commonwealth bonds are not recognized as additions to investment in plant until completed. For fixed assets related to the hospital and group practice plan, depreciation is recorded on a straight line basis over the estimated useful lives of the assets.

1. Summary of Significant Accounting Policies (Continued):

h. Interfund/Intrafund Transactions -

During the course of its operations, the Commonwealth records transactions between funds and/or between departments. Transactions of a buyer/seller nature between departments within a fund are not eliminated from the individual fund statements. Receivables and payables resulting from transactions between funds are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

i. Fringe Benefit Cost Recovery -

The Commonwealth appropriates and pays the fringe benefit costs of its employees and retirees through the General Fund. These fringe benefits include the costs of employees' health insurance, pensions, unemployment compensation and other costs necessary to support the state workforce. As directed by Massachusetts General Laws, these costs are assessed to other funds based on their payroll costs, net of credits for direct payments. Since these fringe benefit costs are not separately appropriated or otherwise provided for in these funds, the required assessment creates an unfavorable budget variance in the budgeted funds.

j. School Construction Grants -

The Commonwealth is committed to reimburse certain cities, towns and regional school districts for a portion of their debt service costs for school construction and renovation. This liability is recorded in the General Long-term Obligations Account Group.

k. Compensated Absences -

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements and state laws. Upon retirement, termination or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their then-current rate of pay.

For Governmental Funds and Expendable Trust Funds, vested or accumulated vacation and sick leave that are expected to be liquidated with expendable available financial resources are reported as expenditures and fund liabilities. Amounts that are not expected to be so liquidated are reported in the General Long-term Obligations Account Group.

1. Summary of Significant Accounting Policies (Continued):

k. Compensated Absences (Continued) -

In the Enterprise and the University and College Funds, employees' accumulated vacation and sick leave are recorded as an expense and liability as the benefits accrue.

l. Lottery Revenue and Prizes -

Ticket revenues and prizes awarded by the Massachusetts Lottery Commission are recognized as drawings are held. For certain prizes payable in installments, the Commonwealth purchases annuities in the Commonwealth's name, which are recorded as annuity contracts and prizes payable in the Agency Funds. The Commonwealth retains the risk related to such annuities.

m. Risk Financing -

The Commonwealth does not insure for workers' compensation, casualty, theft, tort claims and other losses. Such losses, including estimates of amounts incurred but not reported, are included as accrued liabilities in the accompanying financial statements when the claim is incurred. For workers' compensation, the Commonwealth assumes the full risk of claims filed under a program managed by the Public Employee Retirement Administration. For personal injury or property damages, Massachusetts General Laws limit the risk assumed by the Commonwealth to $100,000 per occurrence, in most circumstances. The Group Insurance Commission administers health care and other insurance for the Commonwealth's employees and retirees.

n. Total Columns - Memorandum Only -

Total columns on the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present consolidated financial position, results of operations or cash flows. Interfund eliminations have not been made in the aggregation of this data.

1. Summary of Significant Accounting Policies (Continued):

o. Reclassifications -

For the fiscal year ended June 30, 1993, certain reclassifications have been made to the 1992 balances to conform to the presentation used in 1993.

The presentation of the separately issued Enterprise Funds financial statements has been reclassified to conform to the accounting classifications used by the Commonwealth.

p. Future Adoption of Accounting Pronouncements -

The GASB has issued the following statements which the Commonwealth has not yet adopted and which require adoption subsequent to June 30, 1993:

Statement No.		Adoption required in fiscal year
14	The Financial Reporting Entity	1994
16	Accounting for Compensated Absences	1994
18	Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs	1994
20	Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting	1995
21	Accounting for Escheat Property	1995
22	Accounting for Taxpayer-Assessed Tax Revenues in Governmental Funds	1995

The impact of these statements has not yet been determined.

2. Budgetary Control:

State finance law requires that a balanced budget be approved by the Governor and the Legislature. The Governor presents an annual budget to the Legislature which includes estimates of revenues, expenditures and other financing sources and uses anticipated during the coming fiscal year. The Legislature, which has full authority to amend the budget, adopts an expenditure budget by appropriating monies, at the individual appropriation account level, in an annual appropriation act.

For fiscal year 1993, the Legislature enacted a provision requiring that the general appropriation act include a revenue budget to show the estimates of amounts expected to be available to finance appropriated expenditures.

Before signing the appropriation act, the Governor may veto any specific item, subject to legislative override. Further changes to the budget established in the annual appropriation account may be made via supplemental appropriation acts or other legislative acts. These also must be approved by the Legislature and signed by the Governor and are subject to the line item veto.

The majority of the Commonwealth's appropriations are non-continuing accounts which lapse at the end of each year. Others are continuing accounts for which the Legislature has authorized that an unspent balance from the prior year be carried forward and made available for current spending. In addition, the Legislature may direct that certain revenues be retained and made available for spending within a specific appropriation account.

Generally, expenditures may not exceed the level of spending authorized for an individual appropriation account. However, the Commonwealth is statutorily required to pay debt service, regardless of whether such amounts are appropriated. Certain interfund assessments to allocate fringe benefits and other costs are mandated by state finance law but not itemized in the appropriation process or separately budgeted. In addition, Massachusetts General Laws authorize the Commissioner of Administration, with the approval of the Governor, to withhold allotment of appropriated funds, effectively reducing the account's expenditure budget, upon determination that available revenues will be insufficient to meet authorized expenditures.

2. Budgetary Control (Continued):

The original fiscal year 1993 appropriation act authorized a total of $13,840,981,000 in direct appropriations, $547,426,000 in authorizations to retain and expend certain non-tax revenues and $175,766,000 of interagency chargebacks. The act also included estimates of $9,685,000,000 in tax revenues and approximately $4,754,600,000 in non-tax revenues. With these revenues (exclusive of chargebacks) projected to total approximately $14,439,600,000, and with unreserved balances of approximately $82,878,000 carried forward from fiscal year 1992, the budget as presented in this original appropriation act was considered to be in balance.

During fiscal year 1993, the Legislature also passed and the Governor signed, with some modification through veto, several supplemental budgetary appropriations. These amounts added approximately $412,636,000 in direct appropriations and $35,397,000 in additional retained revenue authorizations.

Subsequent to June 30, 1993, the Legislature passed and the Governor signed, with modification through veto, approximately $76,383,000 in additional supplemental appropriations. These actions raised to approximately $15,088,589,000 the total of appropriations and retained revenue authorizations. Appropriations continued from fiscal year 1992 totaled approximately $231,030,000, and certain intrafund and interfund transfers and expenditures, directed by statute, totaled approximately $223,330,000.

Because a practice of legally updated revenue budgets is not in place, the revenue projections included in the original appropriation act are used as the budgeted revenues in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Statutory Basis - Budget and Actual - General and Budgeted Special Revenue Funds (combined budget and actual statement). As a result, the comparison of the initial revenue budget to the subsequent, and often modified, expenditure budget can be misleading.

2. Budgetary Control (Continued):

Appropriations are enacted for the General Fund and certain Special Revenue Fund activities. For these funds, a Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Statutory Basis - Budget and Actual - General and Budgeted Special Revenue Funds is included. The Budgeted Special Revenue Funds presented are the Highway, Local Aid, Commonwealth Stabilization, Administrative Control, Environmental and Other.

The Office of the Comptroller has the responsibility to ensure that budgetary spending control is maintained on an individual appropriation account basis. Budgetary control is exercised through the Massachusetts Management Accounting and Reporting System (MMARS). MMARS ensures that encumbrances or expenditures are not processed if they exceed the appropriation account's total available spending authorization, which is considered its budget. However, the Legislature has directed certain interfund transfers which are not budgeted. This results in unfavorable budget to actual variances in both "Other financing sources" and "Other financing uses."

A MMARS report, internally identified as RPT226, is used by management and the Office of the Comptroller to monitor spending against budget. This report provides information at the individual appropriation account level, which is the legal level of budgetary control and it is available from the Office of the Comptroller. For financial reporting, the Commonwealth groups these appropriation accounts by character and secretariat to conform to its organizational structure.

On the statutory basis, the Commonwealth Stabilization and Administrative Control Funds are segregated from the General Fund and reclassified as budgeted Special Revenue Funds to reflect the intent of the Legislature, which established statutory funds for specific appropriated activities. These accounts are included in the General Fund in the combined financial statements, consistent with their presentation in prior fiscal years.

2. Budgetary Control (Continued):

The following is a reconciliation of the statutory basis excess of revenues and other financing sources over expenditures and other financing uses of the General and budgeted Special Revenue Funds to the GAAP basis presented in the financial statements (amounts in thousands):

	General	Special Revenue
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (statutory basis)	($339,863)	$352,992
Entity differences:		
Excess (deficiency) of revenues and other sources over expenditures and other uses for:		
Non-budgeted Special Revenue Funds		(36,218)
Perspective differences:		
Certain activities treated as Special Revenue Funds for statutory and as part of the General Fund for GAAP	66,936	(66,936)
Basis of accounting differences:		
Residual equity transfer	(79,656)	
Net increase in taxes receivable	66,401	37,823
Net decrease in due from federal government	(32,424)	(2,251)
Net increase (decrease) in other receivables and other assets	270,221	(2,686)
Net decrease in tax refunds and abatements payable	42,608	29,060
Net increase in accounts payable and other liabilities	(207,121)	(78,323)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	($212,898)	$233,461

3. Deposits and Investments:

Cash and Short-term Investments -

The Commonwealth maintains a cash and short-term investment pool which is utilized by the Governmental and Fiduciary Fund types.

As of June 30, 1993, the carrying amount of the Commonwealth's total cash and short-term investments was $366,083,000, and the corresponding bank balances were $77,459,000. Bank deposits in the amount of $19,120,000 were insured by the Federal Deposit Insurance Corporation, and $58,339,000 were uninsured and uncollateralized.

Investments -

The Commonwealth maintains an investment pool, the Massachusetts Municipal Depository Trust (MMDT), that is available for use by all funds. The deposits and investments of the Enterprise and the University and College Funds and the investments of the Pension Trust Funds are held separately from those of other state funds, with the exception of their investments in MMDT.

Statutes authorize the Commonwealth to invest in obligations of the U.S. Treasury, authorized bonds of all states, banker's acceptances, certificates of deposit, commercial paper rated within the three highest classifications established by Standard & Poors Corporation and Moody's Commercial Paper Record and repurchase agreements that any of these obligations secure. Investments in the MMDT are carried at cost, which approximates market. The investment policies of the entities included in the Enterprise Funds are the same as the Commonwealth's, except that they permit investment in equity securities. The Pension Trust Funds are permitted to make investments in equity securities, fixed income securities, real estate and other alternative investments. In the following table, these alternative investments, venture capital and futures pools are classified as other investments.

3. Deposits and Investments (Continued):

Investments (Continued) -

Short-term investments and investments are classified as to collateral risk into the following three categories:

Category 1: Insured or registered, or securities held by the Commonwealth or its agent in the Commonwealth's name.

Category 2: Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Commonwealth's name.

Category 3: Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Commonwealth's name.

Investments at June 30, 1993, are as follows (amounts in thousands):

Investment	Carrying amount Category 1	Category 2	Category 3	Total	Market value
Repurchase agreements	$ 823,191	$ 2,447	$ 68,543	$ 894,181	$ 894,181
U.S. Treasury obligations	558,695	30,590	36,795	626,080	626,697
Commercial paper	839,044		8,830	847,874	847,874
Government obligations	2,335,375	136,165	12,413	2,483,953	2,485,802
Equity securities	5,694,745	14,709	7,214	5,716,668	5,717,362
Fixed income securities	1,457,036	53,818	1,494	1,512,348	1,512,944
Eurodollar contracts		54,908		54,908	54,272
Asset backed investments	14,141	41,366		55,507	55,552
Notes		7,997	3,962	11,959	17,594
	11,722,227	342,000	139,251	12,203,478	12,212,278
Money market investments				1,106,768	1,107,068
Mutual fund investments				18,345	18,345
Deferred compensation plan mutual funds				895,768	895,768
Annuity contracts				975,442	975,442
Guaranteed income contracts				318,753	318,753
Real estate				703,031	703,031
Assets held in trust				1,518,389	1,518,389
Other				373,002	373,002
Total				$18,112,976	$18,122,076

3. Deposits and Investments (Continued):

Investments (Continued) -

The Pension Trust Funds hold approximately 85% of the investments in Category 1, the Enterprise Funds hold 33% and 51% of the investments in Categories 2 and 3, and the University and College Fund holds 67% and 32% of Categories 2 and 3, respectively.

The following is a reconciliation of the two different investment amounts at June 30, 1993 (amounts in thousands):

Investments as summarized above		$18,112,976
Less:	Short-term investments reported in the combined balance sheet as cash and short-term investments	2,265,984
	Restricted investments reported separately in the combined balance sheet	767,408
	Deferred compensation plan mutual funds reported separately in the combined balance sheet	895,768
	Assets held in trust reported separately in the combined balance sheet	1,518,389
	Annuity contracts reported separately in the combined balance sheet	975,442
Investments as reported on the combined balance sheet		$11,689,985

The following is a reconciliation of the balance of cash and short-term investments at June 30, 1993 (amounts in thousands):

Carrying amount of cash and cash equivalents	$ 366,083
Short-term investments	2,265,984
Cash and short-term investments as reported on the combined balance sheet	$2,632,067

4. Receivables:

The following schedule details the taxes, federal, loans and other receivables presented in the various funds (amounts in thousands):

	Taxes	Due from federal government	Loans	Other	Allowance for uncollectibles	Net receivable
General Fund	$ 897,581	$ 597,131	$ 0	$ 808,876	($ 890,691)	$1,412,897
Special Revenue Funds	611,126	112,983		90,767	(194,109)	620,767
Capital Projects Funds		87,209		721	(264)	87,666
Enterprise Funds		179,132	175,584	29,291	(3,924)	380,083
Trust and Agency	369,548	1,838	8,151	251,535	(210,950)	420,122
University and College Fund		34,929	48,855	134,614	(30,746)	187,652
Subtotal	1,878,255	1,013,222	232,590	1,315,804		
Less: Allowance for uncollectible accounts	(420,938)	(55,304)	(9,141)	(845,301)	($1,330,684)	
Net receivable	$1,457,317	$ 957,918	$223,449	$ 470,503		$3,109,187

5. Interfund Transactions:

Interfund receivables and payables at June 30, 1993 are summarized as follows (amounts in thousands):

	Due from	Due to
General Fund:		
Special Revenue Funds:		
Local Aid	$ 0	$237,938
Enterprise Funds:		
MBTA		242,065
MCCA		6,290
Economic Development Authorities		23
Trust and Agency Funds:		
Pension Trust	3,276	
University and College Fund:		
Current - Unrestricted	12,608	
Subtotal	15,884	486,316
Special Revenue Funds:		
General Fund	237,938	
Capital Projects Funds:		
Highway	74,704	
Enterprise Funds:		
MBTA		94,448
University and College Fund:		
Current - Unrestricted	497	535
Subtotal	313,139	94,983
Capital Projects Funds:		
Special Revenue Funds:		
Local Aid		74,704
Capital Projects Funds:		
General		39,937
Highway		3,749
Federal Highway Contstruction	57,295	
Local Aid		13,667
Other	58	
Enterprise Funds:		
Economic Development Authorities		31,059
MWRA		11,600
Subtotal	57,353	174,716

(Continued)

5. Interfund Transactions (Continued):

	Due from	Due to
Enterprise Funds:		
General Fund	248,378	
Special Revenue:		
Highway Fund	94,448	
Capital Projects Funds:		
General	13,450	
Local Aid	29,209	
Subtotal	385,485	0
Fiduciary Funds:		
Expendable Trust Funds:		
Expendable Trust	409	
Unemployment Compensation		409
Pension Trust Funds:		
General		3,276
Subtotal	409	3,685
University and College Fund:		
General Fund		12,608
Special Revenue Funds:		
Other	535	497
University and College Fund:		
Current - Unrestricted		51
Current - Restricted	25,785	25,664
Plant		70
Subtotal	26,320	38,890
Total	$798,590	$798,590

6. Fixed Assets:

General Fixed Assets -

The following schedule shows the changes in general fixed assets by category at June 30, 1993, as restated for the removal of assets related to the University and College Fund Type (amounts in thousands):

	June 30, 1992 (as restated)	Additions and adjustments	Retirements and adjustments	June 30, 1993
Land	$ 376,873	$ 31,178	$ 147	$ 407,904
Buildings	2,090,893	53,901	32,639	2,112,155
Machinery and equipment	323,497	47,453	23,911	347,039
Construction in progress	188,680	5,191	48,739	145,132
Total	$2,979,943	$137,723	$105,436	$3,012,230

Fixed assets reported in the Commonwealth's Enterprise Funds consist of the following at June 30, 1993 (amounts in thousands):

	Amount
Land and improvements	$ 294,692
Structures and improvements	6,804,621
Equipment, furniture, fixtures and vehicles	1,318,602
Total at cost	8,417,915
Less accumulated depreciation	1,631,944
Net fixed assets	6,785,971
Property held for expansion	7,439
Construction in progress	1,458,449
Total	$8,251,859

6. Fixed Assets (Continued):

General Fixed Assets (Continued) -

Fixed assets of the University and College Fund Type consist of the following at June 30, 1993:

Land and improvements	$ 40,993
Buildings	1,612,431
Equipment	461,210
Construction in progress	9,958
	2,124,592
Less: accumulated depreciation (hospital and group practice plan)	(102,561)
Total	$2,022,031

7. Short-term Financing and Credit Agreements:

The Commonwealth has issued short-term notes in anticipation of revenue or bond financing. When this short-term debt does not meet the long-term refinancing criteria, it is classified among fund liabilities.

General Fund -

The Commonwealth issues short-term notes to provide working capital to the MBTA. The Commonwealth retires these notes through subsequent appropriations and assessments to cities and towns. The notes outstanding at June 30, 1993, totaled $240,000,000 with an interest rate of 3.0%, and matured in November, 1993. The Commonwealth subsequently issued comparable notes, also in the amount of $240,000,000, with an interest rate of 3.4%, maturing in November, 1994.

Capital Projects Funds -

The Commonwealth has issued five-year term minibonds, which are redeemable upon demand, to finance capital projects. At June 30, 1993, minibonds outstanding in the Capital Projects Funds totaled $84,434,000, with interest rates ranging from 5.0% to 9.7%.

The Commonwealth may issue bond anticipation notes to temporarily finance its capital projects, but it must reduce the balance to $200,000,000 at June 30. No such notes were outstanding at June 30, 1993.

7. Short-term Financing and Credit Agreements (Continued):

Letter of Credit Agreements -

During fiscal year 1993, the Commonwealth maintained letter of credit agreements with several banks to borrow up to $700,000,000 as a combination of advances and guarantees to provide credit and liquidity support for its commercial paper program. These agreements expire October 29, 1993 through September 30, 1994, and the average costs are approximately 0.3% on unutilized amounts and approximately 0.4% on utilized amounts.

Advances were available, subject to certain limitations and bearing interest at the bank rate as defined, in anticipation of revenue or bond proceeds and repayable by the following September 30, or convertible to term advances, at the Commonwealth's option. No such advances were drawn during the fiscal year ended June 30, 1993, or subsequent thereto.

During fiscal year 1993 the guarantee feature was utilized, and related fees totaled approximately $2,031,000.

Subsequent to June 30, 1993, expiring letters of credit totaling $300,000,000 were renewed, in the same aggregate amount, through October 28, 1994. The fees on both utilized and unutilized amounts were more favorable than those in existence in 1993.

Line of Credit Agreement -

The Commonwealth maintained a revolving line of credit agreement with a bank through June 30, 1993, in the amount of $150,000,000. Under this agreement, interest was charged at the lesser of the federal funds rate plus 1.5%, or prime, with commitment fees payable quarterly on the excess of the commitment amount over the average daily outstanding principal amount drawn. This line of credit agreement was not utilized during fiscal year 1993; commitment fees totaled $75,000.

7. Short-term Financing and Credit Agreements (Continued):

Enterprise Funds -

MBTA short-term notes payable outstanding at June 30, 1993 totaled $365,000,000. Of this amount, $170,000,000 are due October 1, 1993 with an interest rate of 3.5% and $195,000,000 mature March 2, 1994 with an interest rate of 2.8%.

The MBTA also issued commercial paper to act as financing for capital expenditures. At June 30, 1993, $52,000,000 of this commercial paper was outstanding.

During fiscal year, 1993 Massachusetts Technical Park Corporation obtained a $1,850,000 line of credit with an interest rate of prime plus 1% per annum. Borrowings at June 30, 1993 totaled $805,000 and were subsequently repaid.

University and College Funds -

In December, 1990, the UMass Medical School Teaching Hospital Trust obtained a $11,000,000 line of credit to finance the construction of a building. At June 30, 1993, it had drawn down the entire amount.

8. Long-term Debt:

Under the Constitution of the Commonwealth, the Commonwealth may borrow money (a) for defense or in anticipation of receipts from taxes or other sources, any such loan to be paid out of the revenue of the year in which the loan is made, or (b) by a two-thirds vote of the members of each house of the Legislature present and voting thereon. The Constitution further provides that borrowed money shall not be expended for any other purpose than that for which it was borrowed or for the reduction or discharge of the principal of the loan. In addition, the Commonwealth may give, loan or pledge its credit by a two-thirds vote of the members of each house of the Legislature present and voting thereon, but such credit may not in any manner be given or loaned to or in aid of any individual, or of any private association, or of any corporation which is privately owned or managed.

8. Long-term Debt (Continued):

The Commonwealth has waived its sovereign immunity and consented to be sued on contractual obligations, including bonds and notes issued by it and all claims with respect thereto. However, the property of the Commonwealth is not subject to attachment or levy to pay a judgment, and the satisfaction of any judgment generally requires legislative appropriation. Enforcement of a claim for the payment of principal or interest on bonds and notes of the Commonwealth may also be subject to the provisions of federal or Commonwealth statutes, if any, enacted to extend the time for payment or impose other constraints upon enforcement.

As of June 30, 1993, the Commonwealth had three types of bonds outstanding: general obligation, dedicated income tax, and special obligation. The general obligation bonds are authorized and issued primarily to provide funds for state-owned capital projects and local government improvements. They are backed by the full faith and credit of the Commonwealth and paid from the Governmental Funds, in which debt service principal and interest payments are appropriated. Massachusetts General Laws provide for the allocation of bond proceeds to these authorizations in arrears, as expenditures are made, unless the proceeds are allocated at the time of issuance.

The dedicated income tax bonds relate entirely to the deficit financing authorization of fiscal year 1990. As a remedy to that financial situation, the Legislature authorized these bonds, to be repaid from tax revenues within seven years.

During fiscal year 1992, the Commonwealth issued special obligation revenue bonds as authorized under Massachusetts General Laws. Such bonds may be secured by all or a portion of revenues credited to the Highway Fund and are not general obligations of the Commonwealth. The issuance of such special obligation bonds is authorized in an aggregate amount not to exceed $1,125,000,000, in fiscal years 1992 through 1994. At June 30, 1993, the Commonwealth had outstanding $103,770,000 of such bonds, secured by a pledge of 2 cents of the 21-cent motor fuel excise tax collected on gasoline.

For financial reporting purposes, long-term bonds are carried at their face amount, which includes discount and any issuance costs financed. The outstanding amount represents the total principal to be repaid; for capital appreciation bonds, it represents total principal and interest to be repaid. When short-term debt has been refinanced on a long-term basis, it is reported as outstanding as its face amount.

8. Long-term Debt (Continued):

The amount of bonds authorized but unissued is measured in accordance with Commonwealth statutes. Only the net proceeds of bonds (exclusive of discount and costs of issuance) are deducted from the total authorized by the Legislature.

General obligation, dedicated income tax and special obligation long-term bonds outstanding (including discount and issuance costs) and bonds authorized-unissued at June 30, 1993, are as follows (amounts in thousands):

Purpose	Outstanding amount	Maturity dates	Authorized -unissued
Deficit reduction:			
Fiscal recovery	$1,044,865	1994-1998	$ 57,274
Capital projects:			
General	5,652,564	1994-2019	2,260,330
Highway	1,583,804	1994-2013	1,388,369
Local aid	759,466	1994-2013	840,283
Other	190,759	1994-2025	68,111
Subtotal	8,186,593		4,557,093
Total	$9,231,458		$4,614,367

Interest rates on the Commonwealth's bonded debt outstanding at June 30, 1993 ranged from 1.1% to 9.6%.

Changes in long-term bonds (including discount and issuance costs) and bonds authorized unissued for the year ended June 30, 1993, are as follows (amounts in thousands):

	Bonds outstanding	Authorized -unissued
Balance, July 1, 1992	$9,264,430	$6,393,833
General and special obligation bonds:		
Principal less discount and issuance costs	418,567	(418,567)
Discount and issuance costs	8,118	
General obligation refunding bonds:		
Principal less discount and issuance costs	1,891,468	
Discount and issuance costs	26,182	
Bonds retired (excluding minibonds)	(2,327,107)	
Increase in bonds authorized		141,100
Expiration of authorizations		(1,552,199)
Retirement of long-term bond anticipation notes	(50,200)	50,200
Balance, June 30, 1993	$9,231,458	$4,614,367

8. Long-term Debt (Continued):

At June 30, 1993, debt service requirements to maturity for principal (including discount and issuance costs) and interest are as follows (amounts in thousands):

Year ending June 30	Principal	Interest	Total
1994	$ 599,695	$ 503,141	$ 1,102,836
1995	630,269	465,497	1,095,766
1996	643,831	429,277	1,073,108
1997	670,380	387,169	1,057,549
1998	593,332	346,126	939,458
1999 and thereafter	6,093,951	2,235,888	8,329,839
Total	$9,231,458	$4,367,098	$13,598,556

Subsequent to June 30, 1993, the Commonwealth issued $842,995,000 in general obligation refunding bonds and $200,000,000 in general obligation bonds, with interest rates ranging from 4.1% to 6.0% and from 3.5% to 4.875%, respectively.

Statutory Debt Limit -

In fiscal year 1990, Massachusetts General Laws were amended to establish a limit on the amount of direct debt outstanding, effective at the beginning of fiscal year 1991. By statutorily limiting the Commonwealth's ability to issue direct debt, these amendments provide a control on annual capital spending. The first-year limit was $6,800,000,000, with an increase of 5% allowed in each successive fiscal year. The statutory debt limit for fiscal year 1993 was $7,497,000,000.

For purposes of determining compliance with the limit, direct debt is defined to include general obligation bonds and minibonds at the amount of their original net proceeds. It excludes discount and issuance costs, if any, financed by these bonds. It also excludes dedicated income tax bonds, certain special obligation bonds, refunded bonds, certain refunding bonds and bond anticipation notes. Outstanding direct debt, as defined, totaled approximately $7,304,584,000 at June 30, 1993.

8. Long-term Debt (Continued):

Advance Refundings and Defeased Bonds -

As authorized by the Massachusetts General Laws, the Commonwealth advance refunded certain general obligation and other bonds through the issuance of $1,917,650,000 of general obligation refunding bonds during fiscal year 1993. Proceeds totaling approximately $1,891,000,000 were used to purchase U.S. Government securities which, with a cash deposit of $1,194,000, were deposited in irrevocable trusts with an escrow agent to provide for all future debt service payments of the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the liabilities therefore have been removed from the General Long-term Obligations Account Group. As a result of these advance refundings, the Commonwealth decreased current year debt service payments and has taken advantage of lower interest rates, and it has decreased its aggregate debt service payments by approximately $102,732,000 over the next 20 years and incurred an economic gain (the difference between the present values of the debt service payments of the refunded and refunding bonds) of approximately $95,150,000. At June 30, 1993, approximately $1,270,000,000 of the bonds refunded remain outstanding and are considered defeased.

In prior years, the Commonwealth also defeased certain general obligation and other bonds by placing the proceeds of bonds in irrevocable trusts to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liabilities for the defeased bonds are not included in the financial statements. At June 30, 1993, approximately $1,543,000,000 of bonds outstanding from advance refundings in prior fiscal years are considered defeased.

Changes in General Long-term Obligations -

The Commonwealth records its liability for long-term bonds in the General Long-term Obligations Account Group. Other general long-term obligations recognized by the Commonwealth are its obligations under capital lease agreements (Note 13), school construction grants to partially reimburse cities and towns for their debt service payments on bonds issued to finance construction of local or regional schools (Note 1), compensated absences (Note 1), unfunded pension costs (Note 11) and claims and judgments related to workers' compensation, lawsuits or other claims pending or threatened (Notes 1, 14 and 15).

8. Long-term Debt (Continued):

Changes in General Long-term Obligations (Continued) -

During the year ended June 30, 1993, the following changes occurred in liabilities reported in the General Long-term Obligations Account Group (amounts in thousands):

	Long-term bonds	Capital leases	School construction grants	Compensated absences	Unfunded pension costs	Claims, judgments and other	Total
Balance, July 1, 1992 (As restated)	$9,264,430	$37,252	$1,616,485	$86,818	$2,117,685	$389,435	$13,512,105
Bond issuances	2,310,035						2,310,035
Bond discount	34,300						34,300
Bond principal payments (excluding minibonds)	(2,327,107)						(2,327,107)
Long-term bond anticipation notes payable	(50,200)						(50,200)
Excess of total pension contributions required over total contributions made					244,569		244,569
Net increase (decrease)		(3,923)	309,597	(10,538)		12,429	307,565
Balance, June 30, 1993	$9,231,458	$33,329	$1,926,082	$ 76,280	$2,362,254	$401,864	$14,031,267

University and College Fund -

Building authorities related to UMass and the state colleges have issued bonds for construction of higher education facilities and equipment. Such bonds are guaranteed by the Commonwealth in an aggregate amount not to exceed $100,000,000. The bond agreements generally provide that net revenues from student fees are pledged as collateral on the bonds and establish bond reserve funds, bond funds, and maintenance reserve funds. UMass has also entered into various loan agreements as a participant in MHEFA's ongoing capital asset program to finance construction projects and equipment.

8. Long-term Debt (Continued):

University and College Fund (Continued) -

University and College Fund long-term debt outstanding at June 30, 1993 was as follows (amounts in thousands):

Purpose	Interest rates	Amount	Maturity dates
MHEFA capital asset program	Variable	$ 11,597	1994 - 2006
Building authorities	3.0% - 9.9%	243,562	1994 - 2018
		$255,159	

Maturities of principal are as follows (amounts in thousands):

Year ending June 30	Amount
1994	$ 7,981
1995	8,010
1996	8,618
1997	9,026
1998	9,744
1999 and thereafter	211,780
Total	$255,159

Changes in bonds outstanding reported in the University and College Fund Type are as follows (amounts in thousands):

	Amount
Balance July 1, 1992	$253,049
Principal less discount and issuance costs	7,903
Bonds retired, net of amortization of discount	(5,793)
Balance, June 30, 1993	$255,159

8. Long-term Debt (Continued):

University and College Fund (Continued) -

UMass acquired a telecommunications system through non-lease debt financing made under a trust agreement, through the issuance of certificates of participation which bear interest at an average rate of 7.38% and mature in varying semi-annual installments through fiscal year 2000. Lease payments are funded from UMass student fees and approximate the trustee's payments to certificate holders.

Changes in non-cancellable certificates of participation for the University and College Fund Type are as follows (amounts in thousands):

Year ending June 30	Amount
1994	$ 3,627
1995	3,625
1996	3,617
1997	3,615
1998	3,612
1999 and thereafter	6,681
Total payments	24,777
Less: Amount representing interest	(5,455)
Minimum non-lease debt financing	$19,322

At June 30, 1993, approximately $77,865,000 of bonds outstanding from prior years' advance refundings of the University and College Fund building authorities are considered defeased.

8. Long-term Debt (Continued):

Enterprise Funds -

Bonds and notes outstanding at June 30, 1993, net of unamortized discount of $194,337 and unamortized deferred loss on refunding of $205,196, are as follows (amounts in thousands):

Purpose	Interest rates	Amount	Maturity dates
MBTA:			
General transportation system	3.62% - 7.71%	$1,871,114	1994-2023
Boston Metropolitan District	1.60% - 9.28%	54,353	1994-2025
MCCA:			
Current interest serial bonds	3.80% - 6.00%	116,440	1994-1999
Compound interest serial bonds	6.40% - 6.80%	47,099	2000-2005
MWRA:			
General revenue bonds	2.00% - 7.25%	1,905,907	1994-2022
Economic Development:			
Serial bonds	2.00% - 5.35%	105,705	1994-2008
Term bonds	5.45%	42,870	2013
Total		$4,143,488	

Maturities of principal are as follows (amounts in thousands):

Year ending June 30	MBTA	MCCA	MWRA	Economic Development	Total
1994	$ 53,046	$ 4,250	$ 39,110	$ 5,950	$ 102,356
1995	55,456	16,245	142,795	5,145	219,641
1996	64,846	17,085	52,075	5,305	139,311
1997	67,651	18,050	39,525	5,480	130,706
1998	70,287	19,100	41,705	5,680	136,772
1999 and thereafter	1,758,472	88,939	1,845,809	121,015	3,814,235
Total	$2,069,758	$163,669	$2,161,019	$148,575	$4,543,021

The amounts above represent the face amount of bonds and notes outstanding and may differ from the amounts included in the combined balance sheet due to treatment of original issue discount in the general purpose financial statements.

8. Long-term Debt (Continued):

Enterprise Funds (Continued) -

During the fiscal year ended June 30, 1993, the following changes occurred in bonds, notes payable and certificates of participation, reported in the Enterprise Funds (amounts in thousands):

	MBTA	MCCA	MWRA	Economic Development	Total
Balance, July 1, 1992 (as restated)	$2,345,158	$163,525	$1,796,993	$ 2,500	$4,308,176
Principal less discount and issuance costs	1,086,170		1,207,213	148,575	2,441,958
Debt retired, net of amortization of discount	(528,742)	14	(174,134)	(2,500)	(705,362)
Deferred loss on refunding	(105,200)		(101,760)		(206,960)
Defeased debt	(765,915)		(822,405)		(1,588,320)
Balance, June 30, 1993	$2,031,471	$163,539	$1,905,907	$148,575	$4,249,492

MBTA -

The legislation under which the MBTA was established provides that if, at any time, the MBTA is unable to meet any interest or principal payments due on its debt, sufficient funds will be remitted by the Commonwealth to meet such obligations.

The MBTA issued certificates of participation in the amounts of $28,565,000 on December 15, 1988 and $85,795,000 on August 30, 1990 to finance the purchase of commuter rail coaches. Under the terms of the applicable agreement, the MBTA's obligation to make the annual payments on the certificates is subject to the Commonwealth's appropriation of necessary funds in its annual budget. The certificates bear interest at rates ranging from 6.1% to 7.8% and mature as follows (amounts in thousands):

Year ending June 30	Amount
1994	$ 2,670
1995	2,770
1996	2,875
1997	2,990
1998	3,110
1999 and thereafter	92,325
	106,740
Less: Unamortized discount	(736)
Total	$106,004

8. Long-term Debt (Continued):

Enterprise Funds (Continued) -

During fiscal year 1993, the MBTA raised $887,420,000 through the issuance of refunding bonds to advance refund $765,915,000 of its outstanding general transportation system bonds. Net proceeds of $861,600,000 plus an additional $1,173,000 were used to purchase U.S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the MBTA's refunded bonds are considered to be defeased, and the liability for those bonds has been removed from the Enterprise Funds. This advance refunding resulted a loss on defeasance of $105,200,000, which is being amortized as a component of interest cost in accordance with the requirements of GASB Statement No. 23, "Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities". As a result of the advance refunding, the MBTA reduced its aggregate debt service payments by approximately $43,500,000 from fiscal year 1993 to 2022 and achieved an economic gain of approximately $44,800,000.

MWRA -

The MWRA's bonds are collateralized by a lien and pledge on certain of its revenues and other monies. Discount and issuance costs are being amortized over the life of the bonds.

During fiscal year 1993, the MWRA raised $972,965,000 through the issuance of general revenue refunding bonds to advance refund $822,405,000 of its outstanding bonds. Net proceeds of $924,165,000 were used to purchase U S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the MWRA's refunded bonds are considered to be defeased, and the liability for those bonds has been removed from the Enterprise Funds. The MWRA advance refunding resulted in a loss on defeasance of $101,760,000 which is being amortized as a component of interest cost in accordance with the requirements of GASB Statement No. 23 for the year ended June 30, 1993. As a result of the advance refunding, the MWRA reduced its aggregate debt service payments by approximately $39,495,000 over the period from fiscal year 1993 to 202[illegible] achieved an economic gain of approximately $25,552,000.

MCCA -

The legislation which authorizes the issuance of MCCA debt securities provides for participation by the Commonwealth in the full payment of the annual debt service costs.

8. Long-term Debt (Continued):

Enterprise Funds (Continued) -

Economic Development -

In prior fiscal years, these entities defeased portions of their bonds by placing the proceeds of new bonds in trusts to provide for future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Enterprise Funds. At June 30, 1993, $182,625,000 of such bonds outstanding are considered defeased.

9. Individual Fund Deficits:

The General Fund and certain Special Revenue and Capital Projects Funds included in the combined totals have fund deficits at June 30, 1993, as follows (amounts in thousands):

Fund	Amount
General	$1,121,538
Special Revenue:	
Federal Grants	17,732
Lotteries	1,992
Capital Projects:	
General	172,531
Highway	122,596
Local Aid	65,430
Other	8,819

The deficit in the General Fund reflects the accrual of liabilities for Medicaid claims at June 30, 1993, and for subsidies to transit authorities for operating deficits incurred but not yet funded. These liabilities will be paid in subsequent periods as the Legislature appropriates funds. Deficits in the non-budgeted Federal Grants and Lotteries Funds also reflect the impact of accruals. However, these deficits are created essentially by timing differences, which reverse in the next fiscal year.

9. Individual Fund Deficits (Continued):

In the Capital Projects Funds, the recognition of minibonds as fund liabilities accounts for $84,434,000 of the reported fund deficits. The remaining deficits to be financed reflect the time lag between capital expenditures and the receipt or allocation of proceeds from the sale of related bonds. During the fiscal year ended June 30, 1993, the Commonwealth continued its policy of reducing the time elapsed between those events. Subsequent to June 30, 1993, the Commonwealth issued $200,000,000 in general obligation bond related to the capital projects funds. Certain restrictions within Section 20 of Chapter 29 limit the Commonwealth's ability to sell special obligation bonds which would finance approximately $76,428,000 of the deficit in the Highway Capital Projects Fund. Legislative changes have been requested to eliminate these restrictions. If legislative changes are not enacted and bonds are not sold prior to March 1, 1994, then the Commonwealth could lose the ability to issue such bonds as exempt from U.S. taxes.

10. Segment Information - Enterprise Funds:

Selected financial information with respect to various segment activities included in the Enterprise Funds is as follows (amounts in thousands):

	Segments			
	Transportation	Conventions and Parking	Water Supply and Waste Disposal	Economic Development
Operating revenues	$ 186,572	$ 8,204	$ 294,670	$ 2,377
Depreciation	145,944	8,397	101,777	4,342
Operating income (loss)	(571,723)	(15,331)	40,484	(20,502)
Operating grants	17,643			2,207
Nonoperating revenues (expenses), net	(113,836)	(10,228)	(112,077)	13,201
Operating transfers	584,478	20,875		11,893
Net income (loss)	(101,081)	(4,684)	(71,593)	4,592
Current capital contributions	74,416		49,973	76,587
Fixed asset additions	207,033	1,323	502,297	171
Total assets	4,984,776	235,077	4,456,584	625,763
Bonds, notes payable and certificates of participation	2,448,471	163,539	1,905,907	149,380
Net working capital	(154,578)	7,930	428,643	323,627
Total retained earnings (deficit)	(161,820)	3,049		87,177

11. Retirement Systems:

The Commonwealth is statutorily responsible for the pension benefits for Commonwealth employees (members of the State Employees' Retirement System) and for teachers of the cities, towns, regional school districts throughout the Commonwealth and Quincy College (members of the Teachers' Retirement System, except for teachers in the Boston public schools, who are members of the State-Boston Retirement System but whose pensions are also the responsibility of the Commonwealth). Employees of certain independent authorities and agencies, such as the MBTA, and of counties, cities and towns (other than teachers) are covered by separate retirement systems. The members of the retirement systems do not participate in the Social Security System. The Commonwealth has also assumed responsibility for payment of cost-of-living adjustments (COLA) for the separate (non-teacher) retirement systems of its cities, towns and counties.

Certain Commonwealth employees and current retirees employed prior to the establishment of the State Employees' Retirement System are covered on a "pay-as-you-go" basis.

Plan Descriptions -

State Employees' Retirement System (SERS) is a single employer defined benefit public employee retirement system (PERS), covering substantially all employees of the Commonwealth and certain employees of the independent authorities and agencies. The SERS is administered by the Commonwealth and is part of the reporting entity.

Teachers' Retirement System (TRS) is an agent multiple employer defined benefit PERS. The Commonwealth is a non-employer contributor and is responsible for all contributions and future benefit requirements of the TRS. The TRS covers certified teachers in cities (except the City of Boston), towns, regional school districts and Quincy College. The TRS is administered by the Commonwealth and is part of the reporting entity.

State - Boston Retirement System (SBRS) is an agent multiple employer defined benefit PERS. SBRS provides provision benefits to all full-time employees upon commencement of employment with any of the various government agencies covered by SBRS. The Commonwealth is a non-employer contributor and is only responsible for the actual cost of pension benefits for SBRS participants who serve in the City of Boston's School Department in a teaching capacity. The cost of pension benefits of the other participants is the responsibility of the City of Boston. SBRS is not administered by the Commonwealth, and it is not part of the reporting entity.

11. Retirement Systems (Continued):

Plan Descriptions (Continued) -

The Commonwealth has assumed financial responsibility for the COLA granted to participants in the retirement systems of cities, towns and counties. Any future COLA granted by the Legislature to employees of these plans will also be the responsibility of the Commonwealth. The individual employer governments are responsible for the basic pension benefits. The retirement systems are not administered by the Commonwealth and are not part of the reporting entity.

Membership -

Current membership in SERS, TRS and SBRS as of January 1, 1993 is as follows:

	SERS	TRS	SBRS
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	45,419	30,168	2,186
Current employees:			
Vested	36,398	44,782	3,522
Nonvested	47,229	18,210	2,148
Subtotal	83,627	62,992	5,670
Total	129,046	93,160	7,856

The covered payroll for employees of the Commonwealth covered by SERS was $2,918,971,000. The covered payroll for employees of the cities and towns covered by TRS is $2,427,836,000. The covered payroll for employees of the City of Boston covered by SBRS is $205,621,000. The covered payroll amounts approximate the employer payroll.

Benefit Provisions -

Massachusetts General Laws establish uniform benefit and contribution requirements for all contributory PERS. These requirements provide for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. Benefit payments are based upon a member's age, length of creditable service, and group classification.

11. Retirement Systems (Continued):

Benefit Provisions (Continued) -

The retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The differential between the total retirement benefit and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65; for certain hazardous duty and public safety positions, normal retirement is at age 55.

Funding Status and Progress -

The amounts shown below as the pension benefit obligation are a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the System on an ongoing basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarially determined present value of credited projected benefits and is independent of the funding method used to determine contributions to the System.

The SERS, TRS and SBRS pension benefit obligations were computed as part of the actuarial valuation as of January 1, 1993. Significant actuarial assumptions used in the calculation of contribution requirements and pension benefit obligation include (a) rates of return on investments of present and future assets of 8% per year for SERS and TRS and SBRS (b) projected salary increases of 6% per year for SERS and TRS and SBRS (c) cost of living increases of 3% per year and (d) interest rate credited to the annuity savings fund of 5.5% per year.

11. Retirement Systems (Continued):

Funding Status and Progress (Continued) -

The total unfunded pension benefit obligation is as follows (amounts in millions):

	SERS	TRS	SBRS	COLA	Total
Pension benefit obligation:					
Retirees and others currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	$4,429	$3,238	$285	$1,432	$ 9,385
Current employees:					
Accumulated employee contributions including allocated interest	1,661	1,984	170		3,814
Commonwealth financed:					
Non-vested	647	283	35	89	1,055
Vested	1,672	2,934	213	402	5,222
Total pension benefit obligation	8,409	8,440	704	1,923	19,476
Net assets available for benefits, at market	5,071	5,142	370		10,584
Unfunded pension benefit obligation	$3,338	$3,298	$334	$1,923	$8,892

Contributions Required and Contributions Made -

The retirement systems' funding policies have been established by statute. The annuity portion of the SERS, TRS and SBRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation - 5% for those hired before January 1, 1975, 7% for those hired from January 1, 1975, through December 31, 1983, and 8% for those hired on or after January 1, 1984, plus an additional 2% of compensation above $30,000 per year for those hired on or after January 1, 1979.

11. Retirement Systems (Continued):

Contributions Required and Contributions Made (Continued) -

The Commonwealth's contribution for the pension benefit portion of the retirement allowance of SERS and TRS and required payments to cover SBRS and COLA contributions were originally established on a "pay-as-you-go" basis. As a result, amounts were appropriated each year to pay current benefits, without a systematic provision to fully fund future liabilities already incurred. Beginning in fiscal year 1988, the Commonwealth enacted the Pension Reform Act of 1987 and addressed the unfunded liability of SERS, TRS and its participation in SBRS and its COLA obligation. This legislation requires funding on a current basis, including amortizing the unfunded liabilities and liabilities for future COLA payments to local systems, over 40 years.

This legislation also directs the Secretary for Administration and Finance to prepare a funding schedule to meet these requirements, and to update this funding schedule every three years on the basis of new actuarial valuation reports prepared under the Secretary's direction. Any such schedule is subject to legislative approval. If a schedule is not so approved, payments are to be made in accordance with the most recently approved schedule. This legislation further provides that if, during the first ten years of scheduled payments, the pension benefits paid exceed the scheduled contribution, the Commonwealth's contribution shall equal these benefit payments.

The current legislatively approved funding schedule, based on the January 1, 1990 valuation, was filed with the Legislature on March 1, 1991. It required contributions by the Commonwealth of $763,749,000 during the fiscal year ended June 30, 1993. Because total benefit payments exceeded this amount, no additional Commonwealth contribution was required.

GAAP requires that pension expenditures (costs) be based on an acceptable actuarial cost method and that they not be less than:

- Normal cost
- Interest on any unfunded prior service costs
- A provision for vested benefits when the total present value of vested benefits exceeds by 5% or more the value of the plan

11. Retirement Systems (Continued):

Contributions Required and Contributions Made (Continued) -

The funding schedule discussed above follows an acceptable actuarial funding methodology to compute normal cost and the unfunded accrued actuarial liability. However, the amortization of the accrued actuarial liability has been legislatively determined to be significantly lower in the first years of the 40-year funding period. Therefore, the fiscal year 1993 contribution did not cover the minimum expenditure recognition required by GAAP. The difference between the total contributions required and the total contributions made is recorded as a liability in the General Long-term Obligations Account Group.

Contributions required and made based on the minimum expenditure recognition required by GAAP are as follows (amounts in millions):

	SERS	TRS	SBRS	COLA	Total
Minimum contribution requirement:					
Normal cost	$405.7	$302.2	$26.2	$ 48.4	$ 782.5
Amortization of unfunded actuarial liability	158.7	132.2	14.2	40.7	396.2
Interest on unfunded actuarial liability	94.3	105.5	9.9	54.9	264.6
Total contributions required	$658.7	$540.3	$50.3	$194 0	$1,443.3
Contributions made:					
By employees	$191.6	$157.9	$14.8	$ 0	$ 364.3
% of covered payroll	6.5%	6.5%	7.2%	N/A	N/A
By the Commonwealth	418.2	303.0	27.2	96.7	845.1
% of covered payroll	14.3%	12.5%	13.2%	N/A	N/A
Total contributions made	$609.8	$460.9	$42.0	$ 46.8	$1,209.4

The total contributions required for SERS, TRS and SBRS are based on the entry age normal cost method using the same actuarial assumptions used to compute the pension benefit obligation.

During the year ended June 30, 1993, the Commonwealth's pension expenditure also included payments totaling $23,092,000 to current retirees employed prior to the establishment of the current plans and to non-contributory plans.

11. Retirement Systems (Continued):

Contributions Required and Contributions Made (Continued) -

Massachusetts General Laws established an early retirement incentive program under which eligible state employees could elect to receive enhanced pension benefits in exchange for retiring as of July 1, 1992. The effect of this incentive program was to increase the pension liability by approximately $193,000,000.

Trend Information -

The following table presents the required three-year trend information:

	Year	% SERS	% TRS	% SBRS
Net assets available for benefits as a percentage of the pension benefit obligation applicable to employees:	1993	60.3	60.9	52.7
	1992	66.6	58.1	48.5
	1991	59.1	46.2	54.4
Unfunded pension benefit obligation as a percentage of annual covered payroll:	1993	114.4	135.8	161.9
	1992	89.5	169.6	197.2
	1991	121.8	230.8	124.1
Commonwealth's contributions to the pension plan as a percentage of annual covered payroll:	1993	14.3	12.5	13.2
	1992	12.7	14.0	14.4
	1991	13.5	12.9	12.7

Ten-year historical trend information for SERS, TRS and SBRS may be found on pages 151 and 152 of the Commonwealth's Comprehensive Annual Financial Report. This report presents information about progress made in accumulating sufficient assets to pay benefits when due.

11. Retirement Systems (Continued):

Trend Information (Continued) -

Certain information was not available for SERS, TRS and the Commonwealth's participation in SBRS. Total annual payroll for SERS, TRS and SBRS approximates annual covered payroll; however, actual annual total payroll amounts are not available this year, and have not been available in prior years. Annual covered payroll amounts were not available prior to 1990. Ten-year trend data of SBRS for revenues and expenditures is not available in their separately issued report.

Enterprise Funds' Condensed Pension Information -

The following authorities included as Enterprise Funds maintain their own pensions plans. More detailed information concerning these plans is available in the separate financial statements. The pension benefit obligation and net assets available for benefits for each plan are as follows (amounts in thousands):

	Pension benefit obligation	Net assets available for benefits
MBTA	$987,589	$950,367
MWRA	22,218	21,015

The two authorities met their actuarially determined employer contribution requirements.

Postretirement Health Care and Life Insurance Benefits -

In addition to providing pension benefits, the Commonwealth is statutorily required to provide certain health care and life insurance benefits for retired employees of the Commonwealth, housing authorities, redevelopment authorities, and certain other governmental agencies. Substantially all of the Commonwealth's employees may become eligible for these benefits if they reach retirement age while working for the Commonwealth. Eligible retirees are required to contribute a specified percentage of the health care benefit costs which is comparable to contributions required from employees. The Commonwealth is reimbursed for the cost of benefits to retirees of the eligible authorities and non-state agencies.

The Commonwealth recognizes its share of the costs of providing these benefits when paid. These payments totaled approximately $118,108,000 for the fiscal year ended June 30, 1993.

12. Deferred Compensation Plan:

The Commonwealth offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees of the Commonwealth and its political subdivisions, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Commonwealth (without being restricted to the provision of benefits under the plan), subject only to the claims of the Commonwealth's general creditors and its political subdivisions participating in the plan. Participants' rights under the plan are equal to the fair market value of the deferred account for each participant. All plan assets are stated at market value.

It is the opinion of the Commonwealth that it has no liability for losses under the plan, but it does have the duty of due care which would be required of an ordinary prudent investor. The plan assets are subject to the claims of the Commonwealth's general creditors; however, plan assets have not been used in the past to satisfy such claims.

Of the $895,768,000 in the plan at June 30, 1993, $603,084,000 was applicable to the Commonwealth; the remaining $292,684,000 represents the assets of cities and towns participating in the plan. The assets and liabilities of the deferred compensation plan are included in Agency Funds at June 30, 1993.

13. Capital Leases:

In order to finance the acquisition of equipment, the Commonwealth has entered into various lease/purchase agreements, including tax-exempt lease purchase (TELP) agreements which are accounted for as capital leases. These agreements are for various terms and contain clauses indicating that their continuation is subject to appropriation by the Legislature.

13. Capital Leases (Continued):

At June 30, 1993, the Commonwealth's aggregate outstanding liability under capital leases, the present value of the net minimum lease payments, totals $33,329,000. This liability is reported in the General Long-term Obligations Accounts Group. Equipment acquired under capital leases and included in the General Fixed Assets Account Group totals approximately $68,507,000.

The Commonwealth leases real property and equipment under numerous operating lease agreements for varying terms. These agreements contain clauses which indicate that their continuation is subject to appropriation by the Legislature. Rental expense for the year ended June 30, 1993 was approximately $79,795,000.

The following is a schedule of future minimum lease payments under non-cancellable leases for the Commonwealth as of June 30, 1993 (amounts in thousands):

Year ending June 30	Capital leases	Operating leases
1994	$17,993	$ 72,796
1995	10,739	55,869
1996	5,220	40,235
1997	1,446	8,252
1998	889	4,047
1999 and thereafter	2,661	9,514
Total payments	38,948	$190,715
Less: amount representing interest	(5,619)	
Present value of net minimum lease payments	$33,329	

University and College Fund -

At June 30, 1993, aggregate outstanding liability under capital leases, the present value of the net minimum lease payments, totaled $12,687,000. Equipment acquired under capital leases and included in University and College Fund fixed assets totaled approximately $16,000,000.

The University and College Fund Type leases real property and equipment under numerous operating lease agreements for varying terms. Rental expense for the fiscal year ended June 30, 1993 was approximately $6,943,000.

13. Capital Leases (Continued):

University and College Fund (Continued) -

The following schedule summarizes future minimum payments under non-cancellable leases for the University and College Fund Type (amounts in thousands):

Year ending June 30	Capital leases	Operating leases
1994	$ 4,882	$ 6,340
1995	3,512	4,428
1996	2,226	3,057
1997	1,258	594
1998	936	62
1999 and thereafter	4,500	6
Total payments	17,314	$14,487
Less: amount representing interest	(4,627)	
Present value of minimum lease payments	$12,687	

Enterprise Funds -

The MBTA has entered into several sale-leaseback agreements with major financial institutions, covering equipment and rolling stock, which have been accounted for as operating leases. The leases expire through 2013. Upon termination, the MBTA may purchase the equipment and rolling stock at prices equal to the lesser of a stated percentage (40%-70%) of the lessor's original purchase price or residual fair market value, as defined.

The MWRA leases electric power assets, office space in Boston and other property under long-term operating leases.

The Economic Development Authorities have operating leases for office space.

13. Capital Leases (Continued):

Enterprise Funds (Continued) -

The future minimum rental payments required under operating leases having initial or remaining non-cancellable lease terms in excess of one year are as follows (amounts in thousands):

Year ending June 30	MBTA	MWRA	Economic Development Authorities
1994	$ 12,068	$ 12,531	$ 489,817
1995	12,068	18,696	434,230
1996	12,068	19,825	259,686
1997	12,068	20,223	146,003
1998	13,669	19,874	
1999 and thereafter	188,739	227,423	
Total	$250,680	$318,572	$1,329,736

14. Commitments:

The Commonwealth is obligated to provide annual subsidies to the MBTA and regional transit authorities for contract assistance, debt service assistance and their net cost of service deficiencies. For fiscal year 1993, these subsidies totaled $584,478,000 for the MBTA and $31,108,000 for the regional transit authorities. The net cost of service subsidy is recognized as a current liability of the Commonwealth, but is funded in arrears. At June 30, 1993, the Commonwealth has recorded the unpaid portion as a liability due to the MBTA of $336,513,000. The cities and towns served by the MBTA and regional transit authorities will be assessed their proportionate shares of the net cost of service. A receivable from cities and towns of $188,569,000 is recorded at June 30, 1993, to account for these future reimbursements. The MBTA has also recorded net deferred charges at June 30, 1993, which will be included in the Commonwealth's net cost of service subsidy in future periods. The Commonwealth has recognized its liability for these future costs in the General Long-term Obligations Account Group.

The Commonwealth is also statutorily obligated to provide contract assistance for debt service obligations to the MCCA and the Government Land Bank. Such assistance totaled $11,842,000 in fiscal year 1993.

14. Commitments (Continued):

At June 30, 1993, the aggregate outstanding debt for which the Commonwealth is obligated to provide contract assistance support totaled $2,306,887,000. In addition, the Commonwealth guarantees the debt of certain local governments and of the building authorities included in the University and College Fund. The guaranteed debt outstanding at June 30, 1993, was approximately $242,949,000.

At June 30, 1993, the Commonwealth had commitments approaching $1,027,136,000 for various construction projects. The majority relate to new construction funding for a major infrastructure program known as the Central Artery Project, in which federal participation is anticipated. The remainder relate to a wide range of building construction projects.

Enterprise Funds -

As part of a major capital improvement program, the MWRA has entered into a number of contracts for the design and construction of facilities. At June 30, 1993, commitments under these contracts aggregated approximately $1,100,000,000.

The MWRA is required by a decision of a federal district court to comply with a detailed schedule of actions to achieve and maintain compliance with the requirements of the Clean Water Act. The schedule includes the construction of new primary treatment facilities, commencing December 1990 and finishing by July 1995, and the construction of secondary treatment facilities during 1995 to be completed during 1999. Other matters are still outstanding.

The MWRA has accepted responsibility and legal liability for undertaking measures to control discharges from combined sewer overflows (CSO) into Boston Harbor and adjacent waters, excluding liability for any failure to undertake such measures prior to February 27, 1987. It is in substantial compliance with a federal district court order which provides a schedule for implementation of short-term controls for CSO discharges and planning long-term controls. In fiscal year 1991, the MWRA's recommended plan for the long-term control options, aggregating $1,200,000,000, was approved by the federal district court and regulatory agencies.

14. Commitments (Continued):

Enterprise Funds (Continued) -

The MWRA's operating and construction plans, designed to comply with the federal district court's schedule, anticipate capital expenditures of approximately $6,000,000,000 from fiscal 1990 to 1999 based upon the current design and construction plan. Funding is expected to come from various federal and state grants and from MWRA's debt proceeds. As of August 16, 1993, the federal government authorized $280,000,000 in such grants. From 1988 to 1993, the Commonwealth is authorized to receive $332,000,000 from the federal government for loans from the revolving loan fund.

As of June 30, 1993, the WPAT has entered into binding commitments to provide $149,000,000 in loans to fund four MWRA projects through the revolving loan fund. It has also agreed to provide loans of $494,000,000, with $450,000,000 to be funded with grant awards received through June 30, 1993, and $44,000,000 for approved ineligible costs to be funded from the Commonwealth - capitalized state revolving fund.

The MBTA has entered into several long term contracts to purchase commuter rail coaches, locomotives and rapid transit cars. The unpaid amounts under these contracts total approximately $91,638,000 at June 30, 1993.

The MCCA has entered into a general construction contract for the renovation and rehabilitation of the Boston Common Parking Garage. The total cost, including architectural, engineering and other costs, is expected to be approximately $35,000,000.

As of June 30, 1993, the Government Land Bank had committed to issuing mortgages of $21,102,000.

Pension Trust Funds -

At June 30, 1993, PRIT had outstanding commitments to invest $61,000,000 in real estate, $45,000,000 in venture capital and $181,000,000 in special equity investments.

At June 30, 1993, MASTERS was committed to invest an additional $16,800,000 in certain partnership investments.

14. Commitments (Continued):

University and College Fund Type

The University and College Fund has outstanding purchase commitments under construction contracts which total approximately $320,000,000.

The UMass hospital has agreements with Blue Cross of Massachusetts, Inc., the Social Security Administration under the Medicare program and the Commonwealth of Massachusetts under the Medicaid program that govern payments to the hospital for services rendered to patients covered by these programs and require the hospital to prepare and file settlement reports annually. Provisions have been made in the financial statements for the estimated final settlements with such third party payors.

15. Contingencies:

A number of lawsuits are pending or threatened against the Commonwealth which arose from the ordinary course of operations. These include claims for property damage and personal injury, breaches of contract, condemnation proceedings and other alleged violations of law. For those cases in which it is probable that a loss will be incurred and the amount of the potential judgment can be reasonably estimated, the Attorney General estimates the liability to be approximately $100,200,000. Of this amount approximately $66,200,000, which is expected to be paid during fiscal year 1994, is recorded in fund liabilities; approximately $34,000,000 expected to be paid thereafter, is recorded as a liability in the General Long-term Obligations Account Group.

Various cases are currently before the Appellate Tax Board, involving approximately $560,000,000 of taxes and related interest. For those cases in which it is probable that a loss will be incurred, the Department of Revenue estimates the Commonwealth's liability to be approximately $80,700,000. Approximately $60,700,000, which is expected to be settled during fiscal year 1994, is included among fund liabilities, approximately $20,000,000, which is expected to be settled after June 30, 1994, is recorded as a liability in the General Long-term Obligations Account Group.

15. Contingencies (Continued):

Workers' compensation and group health insurance costs are recognized when claims are incurred. The Commonwealth's outstanding liability for such claims at June 30, 1993, including claims incurred but not reported, is estimated to be $406,500,000. Of this total, approximately $103,700,000 is expected to be paid during fiscal year 1994; $97,800,000 is included among fund liabilities and $5,900,000 is reported in the University and College Fund. Of the remainder, approximately $272,000,000, is recorded as a liability in the General Long-term Obligations Account Group and $30,800,000 is included in the liabilities of the University and College Fund.

The Commonwealth receives significant financial assistance from the federal government. Entitlement to the resources is generally conditional upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all federal financial assistance is subject to financial and compliance audits. Any disallowances become liabilities of the fund which received the assistance. As of June 30, 1993, the Commonwealth estimates that liabilities, if any, which may result from such audits are not material.

The Commonwealth's abandoned property law requires deposit of certain unclaimed assets into a managed Agency Fund. The statute requires the excess amount over $500,000 each June 30 to be remitted to the General Fund, where it is included in miscellaneous revenue. Amounts remitted during fiscal year 1993 totaled $148,962,000. Since inception, approximately $430,400,000 has been remitted. This represents a contingency, because claims for refunds can be made by the owners of the property. No material amounts have been repaid.

University and College Fund Type -

UMass is contingently liable for $20,050,000 of MHEFA revenue bonds.

Enterprise Funds -

A substantial part of the MWRA's construction programs have become or may become subject to court supervision as a result of a finding of liability for a Clean Water Act violation by the MDC's sewerage operations. In addition, the court has reserved the right to order further remedial action and assess penalties. The MWRA cannot predict whether penalties will be requested by litigants or assessed by the courts in the future. No penalties have been assessed through June 30, 1993.

16. Restatement

For the fiscal year ended June 30, 1993, the Commonwealth changed its method of reporting the activities of its public institutions of higher education, including its medical school, and the related medical center, physician's group practice plan, and building authorities.

In prior years these activities were blended with the appropriate Governmental, Proprietary and Fiduciary Fund Types and Account Groups of the Commonwealth. For the fiscal year ended June 30, 1993, the Commonwealth adopted GASB Statement No. 15, "Governmental College and University Accounting and Financial Reporting Models". These activities are reported in a University and College Fund Type in accordance with the AICPA Industry Audit Guide for Audits of Colleges and Universities. The beginning fund balances and fund equity of the account group of the Commonwealth were restated to reflect this change as follows:

	General	Special Revenue	Capital Projects	Enterprise	Trust and Agency	University and College	General Fixed Assets	Totals
Fund balance (deficit)/equity as previously reported	($821,168)	$776,989	($203,564)	$5,291,625	$9,620,953	$ 0	$4,513,546	$19,178,381
Change in fund classification necessary to establish University and College Fund Type	(167,128)	(1,881)		(264,452)	(19,769)	1,986,833	(1,533,603)	
Change in perspective due to the use of the AICPA College Guide						4,802		4,802
Fund balance (deficit)/equity as restated	($988,296)	$775,108	($203,564)	$5,027,173	$9,601,184	$1,991,635	$2,979,943	$19,183,183

17. Subsequent Events:

Enterprise Funds -

On July 1, 1993, the MCCA raised $30,909,064, net of an original issued discount of $570,936, through the issuance of tax-exempt revenue bonds to fund the renovation and rehabilitation of the Boston Common Parking Garage and the acquisition, construction, renovation and expansion of related or accessory facilities. The Commonwealth committed to pay contract assistance to MCCA in an amount equal to the scheduled principal of, and interest on, the bonds.

In October 1993, Massachusetts Technology Park Corporation entered into an operating lease with an unrelated third party, under the terms of which it leased an intergrated circuit fabrication facility for an initial term of five years commencing on November 1, 1993. The approximate future minimum lease payments for the next five years and thereafter amount to $3,880,000.

On July 15, 1993, the Massachusetts Water Pollution Abatement Trust raised $91,100,000 through the issuance of tax-exempt Water Pollution Abatement Bonds to fund loans to local governments to finance or refinance certain portions of water pollution abatement projects.

In October 1993, the Government Land Bank received a commitment from the Bank of Boston to loan it $15,000,000 to capitalize the Emerging Technology Fund, which will be used to stimulate private financing for specialized manufacturing and research and development facilities.

COMBINING AND INDIVIDUAL FUND AND ACCOUNT GROUP FINANCIAL STATEMENTS,
SCHEDULES AND REQUIRED SUPPLEMENTARY INFORMATION

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COMPARATIVE FINANCIAL STATEMENTS -

GENERAL FUND

GENERAL FUND

The General Fund is the Commonwealth's primary Governmental Fund. All governmental activities not specifically directed to another fund are accounted for in the General Fund. As a result, most budgeted operating expenditures of the Executive secretariats, the Legislature, constitutional offices, public institutions of higher education and independent commissions and a portion of expenditures for the judicial system are paid from the General Fund. It similarly receives a significant portion of sales, individual income and corporate taxes, and the full amount of most other governmental taxes.

Revenues and expenditures associated with federal reimbursement-based programs are accounted for in the General Fund. These programs have various reimbursement formulas. The Commonwealth is not fully reimbursed for every dollar it spends. For example, the Medical Assistance Program (Medicaid) and Aid for Families with Dependent Children (AFDC) operate on the basis of a 50% reimbursement for costs incurred.

The Commonwealth provides grants and contract assistance to several of the authorities it reports as component units. Most of these grant and contract assistance activities are recorded in the General Fund.

The 1992 amounts have been restated to reflect the change in reporting the activities of the Commonwealth's public institution of higher education, including its medical school, and related medical center, physician's group practice plan and building authorities.

COMMONWEALTH OF MASSACHUSETTS

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 1993

(Amounts in thousands)

ASSETS	1993	1992 (As restated)
Receivables, net of allowance for uncollectibles		
Taxes	$ 662,981	$ 596,153
Due from federal government	565,456	575,581
Other receivables	184,460	149,601
Due from cities and towns	203,709	183,971
Due from other funds	15,884	
Total assets	**$ 1,632,490**	**$ 1,505,306**
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 1,269,207	$ 1,230,343
Accrued payroll	54,576	31,622
Compensated absences	93,474	104,174
Tax refunds and abatements payable	317,096	359,704
Due to other funds	486,316	246,729
Due to federal government	13,000	
Deferred revenue	136,364	85,060
Claims and judgments	143,995	195,970
Notes payable	240,000	240,000
Total liabilities	**2,754,028**	**2,493,602**
Fund deficit		
Unreserved	(1,121,538)	(988,296)
Total fund deficit	**(1,121,538)**	**(988,296)**
Total liabilities and fund balances	**$ 1,632,490**	**$ 1,505,306**

COMMONWEALTH OF MASSACHUSETTS

GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30, 1993

(Amounts in thousands)

	1993	1992 (As restated)
Revenues		
Taxes	$ 6,215,150	$ 5,852,633
Assessments	192,072	172,349
Federal grants and reimbursements	2,616,844	2,419,343
Departmental	517,912	551,021
Miscellaneous	347,558	285,194
Total revenues	**9,889,536**	**9,280,540**
Other financing sources		
Proceeds of refunding bonds		36,832
Proceeds of capital leases	13,297	17,507
Operating transfers in	353,563	248,977
Other sources	20,278	15,874
Total other financing sources	**387,138**	**319,190**
Total revenues and other financing sources	**10,276,674**	**9,599,730**
Expenditures		
Current		
Legislature	40,798	44,569
Judiciary	87,829	83,377
Inspector General	1,304	979
Governor and Lieutenant Governor	3,680	3,611
Secretary of the Commonwealth	11,955	10,443
Treasurer and Receiver - General	104,224	84,020
Auditor of the Commonwealth	9,394	9,182
Attorney General	33,969	15,735
Ethics Commission	1,003	870
District Attorney	11,087	8,062
Office of Campaign and Political Finance	539	516
Board of Library Commissioners	51	
Comptroller	5,546	5,536
Administration and finance	575,926	691,333
Environmental affairs	29,230	30,638

(Continued)

COMMONWEALTH OF MASSACHUSETTS

GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30, 1993

(Amounts in thousands)

	1993	1992 (As restated)
Expenditures (continued)		
Current (continued):		
Communities and development	172,354	190,439
Health and human services	3,149,776	3,059,002
Transportation and construction	47,394	71,622
Education	10,098	9,575
Educational affairs	2,212	16,926
Higher education	67,128	31,863
Public safety	335,147	386,879
Economic affairs	20,625	15,940
Elder affairs	122,300	110,854
Consumer affairs	24,822	23,803
Labor	22,337	18,070
Direct local aid	5,318	3,351
Medicaid	3,151,361	2,852,674
Pension	347,676	265,451
Debt service:		
Principal retirement	482,643	299,841
Interest and fiscal charges	390,083	414,620
Total expenditures	**9,267,809**	**8,759,781**
Other financing uses:		
Payment to refunded bond escrow agent		36,832
Operating transfers out	604,389	
Transfers of appropriations	617,374	1,017,788
Total other financing uses	**1,221,763**	**1,054,620**
Total expenditures and other financing uses	**10,489,572**	**9,814,401**
Deficiency of revenues and other financing sources over expenditures and other financing uses	**(212,898)**	**(214,671)**
Fund deficit at beginning of year	**(988,296)**	**(773,625)**
Residual equity transfer in	**79,656**	
Fund deficit at end of year	**$ (1,121,538)**	**$ (988,296)**

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COMBINING FINANCIAL STATEMENTS -

SPECIAL REVENUE FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to finance specific functions or activities carried out by the Commonwealth.

Federal Grants - to account for federal grant monies that are designated for specific programs, excluding federal highway construction grants, which are accounted for in the Federal Capital Projects Fund, and federal reimbursement programs such as Medicaid, which are accounted for in the General Fund.

Highway - to account for highway user taxes and fees which finance highway maintenance and safety services, and which provide matching funds, as required, for federally sponsored highway projects.

Local Aid - to account for lottery operating surpluses and for portions of sales, income, corporate and other taxes which have been earmarked for distribution to cities and towns or are used to finance programs that benefit local communities, and a major portion of the court systems.

Environmental - to account for a variety of revenues which finance programs to preserve, protect and enhance the environment.

Lotteries - to account for the operations of the State and Arts Lotteries, which have been established primarily to finance the Local Aid Fund.

Universal Health Care - to account for assessments and other revenues that are dedicated to making health care and health insurance accessible and affordable to all citizens of the Commonwealth.

Oil Overcharge - to account for the fines and penalties collected under federal regulation from certain oil companies doing business in the Commonwealth, and interest thereon, being accumulated to provide fuel assistance and weatherization for low income residents.

Other - to account for a variety of miscellaneous taxes, assessments, fees, fines, and other revenues restricted to the financing of specific Commonwealth programs.

BUDGETED SPECIAL REVENUE FUNDS

On the Commonwealth's statutory basis of accounting, the following funds are reported as Budgeted Special Revenue Funds and included in the Combined Statement of Revenues Expenditures and Changes in Fund Balances - Statutory Basis - Budget and Actual - General and Budgeted Special Revenue Funds.

Commonwealth Stabilization - to account for amounts calculated in accordance with state finance law and maintained as a reserve to enhance the Commonwealth's fiscal stability.

Administrative Control - to account for the revenues generated by certain administrative functions of government, for which the Legislature had required that a separate fund be established.

In accordance with generally accepted accounting principles, these funds are reported in the General Fund.

The 1992 amounts have been restated to reflect the change in reporting the activities of the Commonwealth's public institution of higher education, including its medical school, and related medical center, physician's group practice plan and building authorities.

COMMONWEALTH OF MASSACHUSETTS

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 1993

(Amounts in thousands)

ASSETS	Federal Grants	Highway	Local Aid	Environmental	Lotteries	Universal Health Care	Oil Overcharge	Other	Totals 1993	Totals 1992 (As restated)
Cash and short-term investments	$ 24,310	$ 328,814	$ 320,628	$ 38,589	$ 25,669	$ 91,260	$ 20,649	$ 85,338	$ 935,257	$ 945,475
Receivables, net of allowance for uncollectibles										
Taxes		34,794	408,558	582				10,792	454,726	416,751
Due from federal government	108,323	3,429		450				171	112,373	79,730
Other receivables		3,252		20,012	1,663	19,859		8,882	53,668	69,082
Due from cities and towns			1,457						1,457	1,766
Due from other funds			312,642					497	313,139	57,951
Total assets	$ 132,633	$ 370,289	$ 1,043,285	$ 59,633	$ 27,332	$ 111,119	$ 20,649	$ 105,680	$ 1,870,620	$ 1,570,755
LIABILITIES AND FUND BALANCES										
Liabilities										
Accounts payable	$ 100,526	$ 28,585	$ 113,274	$ 4,352	$ 19,804	$ 4,177	$ 494	$ 11,963	$ 283,175	$ 231,679
Accrued payroll	4,820	7,016	875	608		1	11	79	13,410	9,675
Compensated absences	10,562	15,862	15,083	1,441	1,564			167	44,679	50,202
Tax refunds and abatements payable		349	209,518					74	209,941	239,049
Due to other funds		94,448						535	94,983	94,949
Deferred revenue		41	50,815	7,315	7,528	658			66,357	48,808
Claims and judgments	3,840	42,642	31,197	712	428	30	13	604	79,466	8,182
Other accrued liabilities	30,617					39,423			70,040	113,103
Total liabilities	150,365	188,943	420,762	14,428	29,324	44,289	518	13,422	862,051	795,647
Fund balances (deficit)										
Unreserved	(17,732)	181,346	622,523	45,205	(1,992)	66,830	20,131	92,258	1,008,569	775,108
Fund balances (deficit)	(17,732)	181,346	622,523	45,205	(1,992)	66,830	20,131	92,258	1,008,569	775,108
Total liabilities and fund balances	$ 132,633	$ 370,289	$ 1,043,285	$ 59,633	$ 27,332	$ 111,119	$ 20,649	$ 105,680	$ 1,870,620	$ 1,570,755

COMMONWEALTH OF MASSACHUSETTS

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30, 1993

(Amounts in thousands)

	Federal Grants	Highway	Local Aid	Environmental	Lotteries	Universal Health Care	Oil Overcharge	Other	Totals 1993	Totals 1992 (As restated)
Revenues										
Taxes	$ 0	$ 465,987	$ 3,222,157	$ 7,030	$ 3,096	$ 0	$ 0	$ 107,346	$ 3,805,616	$ 3,626,181
Assessments		4,162		3,675		380,874		16,067	404,778	614,384
Federal grants and reimbursements	1,118,294	5,529	161	4,461		15,000		13,575	1,157,020	1,105,450
Departmental		374,269	1,957	49,134	2,138,682	198,475		28,616	2,791,133	2,264,248
Miscellaneous	32	1,036	109	11,211	9,218	2,432	5,844	5,130	35,012	35,771
Total revenues	**1,118,326**	**850,983**	**3,224,384**	**75,511**	**2,150,996**	**596,781**	**5,844**	**170,734**	**8,193,559**	**7,646,034**
Other financing sources:										
Operating transfers in	105	150	548,717	63		160,400		6,072	715,507	520,203
Total revenues and other financing sources	**1,118,431**	**851,133**	**3,773,101**	**75,574**	**2,150,996**	**757,181**	**5,844**	**176,806**	**8,909,066**	**8,166,237**
Expenditures:										
Current:										
Judiciary	821		215,675					1,277	217,773	231,255
Secretary of the Commonwealth	765		1,384						2,149	1,299
Treasurer and Receiver – General	1,535	1,903	272		1,551,002			535	1,555,247	1,295,247
Auditor of the Commonwealth			717						717	728
Attorney General	1,709	17						694	2,420	2,757
District Attorney	1,526		25,727					5,764	33,017	30,714
Board of Library Commissioners	2,804		1,764						4,568	4,003
Administration and finance	7,847	51,304	34,779	77		7		12,350	106,364	137,083
Environmental affairs	15,857	28,724	35,224	46,498				6,094	132,397	110,203
Communities and development	183,408		1,704				6,148		191,260	206,345
Health and human services	245,391		396			621,588		16,731	884,106	948,189
Transportation and construction	4,541	221,556							226,097	20,298
Education	387,234		71,364						458,598	382,305
Educational affairs	67		7,323						7,390	
Higher education	2,167								2,167	752
Public safety	25,125	138,209	111,029	1,014				304	275,681	271,052
Economic affairs	168,961					3,645	1,654	15,344	189,604	178,068
Elder affairs	24,206		3,188						27,394	25,693
Consumer affairs	3	2,503						2,453	4,959	3,041
Labor	687							1,312	1,999	794

(Continued)

COMMONWEALTH OF MASSACHUSETTS

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30, 1993

(Amounts in thousands)

	Federal Grants	Highway	Local Aid	Environmental	Lotteries	Universal Health Care	Oil Overcharge	Other	Totals 1993	Totals 1992 (As restated)
Expenditures (continued)										
Direct local aid		43,076	2,498,107						2,541,183	2,275,075
Pension		59,770	485,170	822					545,762	486,068
Debt service										
Principal retirement		85,147	22,724					1,979	109,850	42,441
Interest and fiscal charges		111,432	46,902					1,757	160,091	144,164
Total expenditures	1,074,654	743,641	3,563,449	48,411	1,551,002	625,240	7,802	66,594	7,680,793	6,797,574
Other financing uses										
Operating transfers out	54,913	103,265	31,975	7,822	600,586	160,697	177	33,677	993,112	841,658
Transfers of appropriations			140	1,303					1,443	
Other uses		257							257	
Total other financing uses	54,913	103,522	32,115	9,125	600,586	160,697	177	33,677	994,812	841,658
Total expenditures and other financing uses	1,129,567	847,163	3,595,564	57,536	2,151,588	785,937	7,979	100,271	8,675,605	7,639,232
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(11,136)	3,970	177,537	18,038	(592)	(28,756)	(2,135)	76,535	233,461	527,005
Fund balances (deficit) at beginning of year	(6,596)	177,376	444,986	27,167	(1,400)	95,586	22,266	15,723	775,108	248,103
Fund balances (deficit) at end of year	$ (17,732)	$ 181,346	$ 622,523	$ 45,205	$ (1,992)	$ 66,830	$ 20,131	$ 92,258	$ 1,008,569	$ 775,108

(Concluded)

COMMONWEALTH OF MASSACHUSETTS

COMBINED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
– STATUTORY BASIS – BUDGET AND ACTUAL – BUDGETED SPECIAL REVENUE FUNDS

FISCAL YEAR ENDED JUNE 30, 1993

(Amounts in thousands)

	Highway			Local Aid			Commonwealth Stabilization			Environmental		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues												
Taxes	$ 470,700	$ 474,291	$ 3,591	$ 3,118,000	$ 3,192,907	$ 74,907	$ 0	$ 0	$ 0	$ 0	$ 7,044	$ 7,044
Assessments		4,162	4,162								3,751	3,751
Federal grants and reimbursements	3,000	6,835	3,835		161	161				2,600	4,812	2,212
Departmental	392,600	371,569	(21,031)	1,600	1,957	357				73,500	53,529	(19,971)
Miscellaneous		1,038	1,038		109	109		2,260	2,260		11,173	11,173
Total revenues	866,300	857,895	(8,405)	3,119,600	3,195,134	75,534		2,260	2,260	76,100	80,309	4,209
Other financing sources:												
Operating transfers in	16,100	149	(15,951)	520,600	548,717	28,117				100	63	(37)
Stabilization transfer								76,872	76,872			
Other sources		1	1									
Total other financing sources	16,100	150	(15,950)	520,600	548,717	28,117		76,872	76,872	100	63	(37)
Total revenues and other financing sources	882,400	858,045	(24,355)	3,640,200	3,743,851	103,651		79,132	79,132	76,200	80,372	4,172
Expenditures												
Judiciary				228,570	221,825	6,745						
Secretary of the Commonwealth				1,376	1,370	6						
Treasurer and Receiver-General				272	272					400		400
Auditor of the Commonwealth				717	717							
Attorney General	20	17	3									
District Attorney				27,369	25,566	1,803						
Board of Library Commissioners				2,198	1,729	469						
Comptroller												
Administration and finance	54,039	53,723	316	39,449	31,988	7,461				87	87	
Environmental affairs	31,840	28,945	2,895	36,794	35,150	1,644				51,271	45,940	5,331
Communities and development				1,874	1,682	192						
Health and human services				400	396	4						
Transportation and construction	247,808	220,442	27,366									
Education				72,270	71,444	826						

(Continued)

COMMONWEALTH OF MASSACHUSETTS

COMBINED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
– STATUTORY BASIS – BUDGET AND ACTUAL – BUDGETED SPECIAL REVENUE FUNDS

FISCAL YEAR ENDED JUNE 30, 1990

(Amounts in thousands)

	Highway			Local Aid			Commonwealth Stabilization			Environmental		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (continued)												
Educational affairs				7,323	7,323							
Higher education				140	140					1,461	1,298	163
Public safety	142,691	139,456	3,235	110,381	110,287	94				12,052	982	11,070
Economic affairs												
Elder Affairs				3,194	3,188	6						
Consumer affairs	2,780	2,644	136									
Direct local aid	43,076	43,076		2,506,443	2,498,107	8,336						
Pension	60,183	59,770	413	472,000	469,129	2,871				800	795	5
Debt service												
Principal retirement	90,660	85,147	5,513	23,538	22,724	814						
Interest and fiscal charges	124,427	111,432	12,995	52,238	46,902	5,336						
Total expenditures	797,524	744,652	52,872	3,586,546	3,549,939	36,607				66,071	49,102	16,969
Other financing uses												
Fringe benefit cost assessment											7,369	(7,369)
Operating transfers out	69,080	69,080		1,226	1,226					453	453	
Stabilization transfer					30,749	(30,749)						
Other uses		257	(257)									
Total other financing uses	69,080	69,337	(257)	1,226	31,975	(30,749)				453	7,822	(7,369)
Total expenditures and other financing uses	866,604	813,989	52,615	3,587,772	3,581,914	5,858				66,524	56,924	9,600
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	15,796	44,056	28,260	52,428	161,937	109,509		79,132	79,132	9,676	23,448	13,772
Fund balances at beginning of year	254,134	254,134		374,682	374,682		230,380	230,380		16,784	16,784	
Fund balances (deficit) at end of year	$ 269,930	$ 298,190	$ 28,260	$ 427,110	$ 536,619	$ 109,509	$ 230,380	$ 309,512	$ 79,132	$ 26,460	$ 40,232	$ 13,772

(Continued)

COMMONWEALTH OF MASSACHUSETTS

COMBINED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
– STATUTORY BASIS – BUDGET AND ACTUAL – BUDGETED SPECIAL REVENUE FUNDS

FISCAL YEAR ENDED JUNE 30, 1993

(Amounts in thousands)

	Administrative Control			Other Special Revenue			Total Budgeted Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues									
Taxes	$ 279,100	$ 254,164	$ (24,936)	$ 21,000	$ 95,263	$ 74,263	$ 3,888,800	$ 4,023,669	$ 134,869
Assessments								7,913	7,913
Federal grants and reimbursements							5,600	11,808	6,208
Departmental		96,203	96,203	15,200	18,745	3,545	482,900	542,003	59,103
Miscellaneous		21,387	21,387		522	522		36,489	36,489
Total revenues	279,100	371,754	92,654	36,200	114,530	78,330	4,377,300	4,621,882	244,582
Other financing sources:									
Operating transfers in		45,640	45,640				536,800	594,569	57,769
Stabilization transfer								76,872	76,872
Other sources								1	1
Total other financing sources		45,640	45,640				536,800	671,442	134,642
Total revenues and other financing sources	279,100	417,394	138,294	36,200	114,530	78,330	4,914,100	5,293,324	379,224
Expenditures									
Judiciary							228,570	221,825	6,745
Secretary of the Commonwealth	25	25					1,401	1,395	6
Treasurer and Receiver–General				535	535		1,207	807	400
Auditor of the Commonwealth							717	717	
Attorney General				714	695	19	734	712	22
District Attorney				6,120	5,625	495	33,489	31,191	2,298
Board of Library Commissioners							2,198	1,729	469
Comptroller	525	525					525	525	
Administration and finance	103,442	101,233	2,209	19,212	15,325	3,887	216,229	202,356	13,873
Environmental affairs	409	380	29	648	638	10	120,962	111,053	9,909
Communities and development							1,874	1,682	192
Health and human services	150	143	7	41,804	15,392	26,412	42,354	15,931	26,423
Transportation and construction	1,444	1,370	74				249,252	221,812	27,440
Education							72,270	71,444	826

(Continued)

COMMONWEALTH OF MASSACHUSETTS

COMBINED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
– STATUTORY BASIS – BUDGET AND ACTUAL – BUDGETED SPECIAL REVENUE FUNDS

FISCAL YEAR ENDED JUNE 30, 1993

(Amounts in thousands)

	Administrative Control			Other Special Revenue			Total Budgeted Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (continued)									
Educational affairs							7,323	7,323	
Higher education	10	10					1,611	1,448	163
Public safety	8,322	8,014	308	332	304	28	273,778	259,043	14,735
Economic affairs				18,283	15,273	3,010	18,283	15,273	3,010
Elder Affairs							3,194	3,188	6
Consumer affairs				2,000	1,678	322	4,780	4,322	458
Direct Local Aid							2,549,519	2,541,183	8,336
Pension							532,983	529,694	3,289
Debt service									
Principal retirement	192,125	192,125		565	565		306,888	300,561	6,327
Interest and fiscal charges	80,410	70,409	10,001	27	27		257,102	228,770	28,332
Total expenditures	386,862	374,234	12,628	90,240	56,057	34,183	4,927,243	4,773,984	153,259
Other financing uses									
Fringe benefit cost assessment		417	(417)		1,849	(1,849)		9,635	(9,635)
Operating transfers out	54,939	54,939		9	9		125,707	125,707	
Stabilization transfer								30,749	(30,749)
Other uses								257	(257)
Total other financing uses	54,939	55,356	(417)	9	1,858	(1,849)	125,707	166,348	(40,641)
Total expenditures and other financing uses	441,801	429,590	12,211	90,249	57,915	32,334	5,052,950	4,940,332	112,618
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(162,701)	(12,196)	150,505	(54,049)	56,615	110,664	(138,850)	352,992	491,842
Fund balances at beginning of year	13,549	13,549		21,648	21,648		911,177	911,177	
Fund balances (deficit) at end of year	$ (149,152)	$ 1,353	$ 150,505	$ (32,401)	$ 78,263	$ 110,664	$ 772,327	$ 1,264,169	$ 491,842

(Concluded)

COMBINING FINANCIAL STATEMENTS -

CAPITAL PROJECTS FUNDS

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the financial resources used to acquire or construct major capital assets and to finance local capital projects.

General - to account for proceeds of bonds sold to fund the construction or acquisition of capital assets for general Commonwealth purposes, excluding highway construction and projects targeted for specific localities or purposes.

Highway - to account for the proceeds of bonds sold to finance construction of state highways and to fund the Commonwealth's share of federally-sponsored highway construction.

Federal Highway Construction - to account for federal highway construction grants which, with the Commonwealth's required share of matching funds, finance interstate highways and similar projects within Massachusetts to promote a nationwide highway system.

Local Aid - to account for the proceeds of bonds sold to finance the construction of correctional facilities, water pollution abatement projects and other local projects in specific localities of the Commonwealth.

Other - to account for the proceeds of bonds sold to finance land acquisition for economic development, preservation and recreational purposes, and other capital projects.

COMMONWEALTH OF MASSACHUSETTS

CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

JUNE 30, 1993

(Amounts in thousands)

ASSETS	General	Highway	Federal Highway Construction	Local Aid	Other	Totals 1993	Totals 1992 (As restated)
Cash and short-term investments	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 12,991
Receivables, net of allowance for uncollectibles							
Due from federal government			87,209			87,209	144,423
Other receivables			457			457	43
Due from other funds			57,295		58	57,353	42,854
Total assets	**$ 0**	**$ 0**	**$ 144,961**	**$ 0**	**$ 58**	**$ 145,019**	**$ 200,311**
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	$ 53,580	$ 28,483	$ 140,155	$ 19,364	$ 562	$ 242,144	$ 171,445
Accrued payroll	415	997	5	13	2	1,432	1,092
Compensated absences	399	2,632				3,031	2,890
Due to other funds	53,386	78,453		42,877		174,716	98,520
Deferred revenue			437			437	3,402
Claims and judgements	241	617	279	13		1,150	782
Other accrued liabilities				2,966		2,966	15,206
Bonds and notes payable	64,510	11,414		197	8,313	84,434	110,538
Total liabilities	**172,531**	**122,596**	**140,876**	**65,430**	**8,877**	**510,310**	**403,875**
Fund balances (deficit)	**(172,531)**	**(122,596)**	**4,085**	**(65,430)**	**(8,819)**	**(365,291)**	**(203,564)**
Total liabilities and fund balances	**$ 0**	**$ 0**	**$ 144,961**	**$ 0**	**$ 58**	**$ 145,019**	**$ 200,311**

COMMONWEALTH OF MASSACHUSETTS

CAPITAL PROJECTS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30, 1993

(Amounts in thousands)

	General	Highway	Federal Highway Construction	Local Aid	Other	Totals 1993	Totals 1992 (As restated)
Revenues							
Federal grants and reimbursements	$ 170	$ 0	$ 719,837	$ 0	$ 0	$ 720,007	$ 559,757
Departmental	264		289			553	1,107
Miscellaneous	217	18	29			264	742
Total revenues	**651**	**18**	**720,155**			**720,824**	**561,606**
Other financing sources							
Proceeds of general obligation bonds	194,562	97,800		74,451	1,554	368,367	720,847
Proceeds of special obligation bonds							100,000
Proceeds of refunding bonds	1,490,202	284,111		94,940	22,215	1,891,468	537,481
Operating transfers in			108,090			108,090	252,279
Other	23,065	-155		1	2,883	26,104	30,767
Total other financing sources	**1,707,829**	**382,066**	**108,090**	**169,392**	**26,652**	**2,394,029**	**1,641,374**
Total revenues and other financing sources	**1,708,480**	**382,084**	**828,245**	**169,392**	**26,652**	**3,114,853**	**2,202,980**
Expenditures							
Capital outlay							
Local aid				104,876		104,876	87,145
Capital acquisition and construction	190,508	109,136	830,955		1,950	1,132,549	1,102,236
Total expenditures	**190,508**	**109,136**	**830,955**	**104,876**	**1,950**	**1,237,425**	**1,189,381**
Other financing uses							
Payments to refunded bond escrow agent	1,490,202	284,111		94,940	22,215	1,891,468	537,481
Operating transfers out	3,622	114,199	3,166	1,903	1	122,891	324,307
Transfers of bond proceeds	24,796					24,796	
Total other financing uses	**1,518,620**	**398,310**	**3,166**	**96,843**	**22,216**	**2,039,155**	**861,788**
Total expenditures and other financing uses	**1,709,128**	**507,446**	**834,121**	**201,719**	**24,166**	**3,276,580**	**2,051,169**
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	**(648)**	**(125,362)**	**(5,876)**	**(32,327)**	**2,486**	**(161,727)**	**151,811**
Fund balance (deficit) at beginning of year	**(171,883)**	**2,766**	**9,961**	**(33,103)**	**(11,305)**	**(203,564)**	**(355,375)**
Fund balances (deficit) at end of year	**$ (172,531)**	**$ (122,596)**	**$ 4,085**	**$ (65,430)**	**$ (8,819)**	**(365,291)**	**$ (203,564)**

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COMBINING FINANCIAL STATEMENTS -

ENTERPRISE FUNDS

ENTERPRISE FUNDS

Enterprise Funds are used to account for economic resources received and used to offer products or services on a user-charge basis to the general public. It is the Commonwealth's intent that these activities be self-supporting, although contract assistance is provided through budget appropriations in some cases.

Massachusetts Bay Transportation Authority (MBTA) - to account for resources required and used to provide public transportation services, particularly rail and bus services, within the greater Boston metropolitan area.

Massachusetts Convention Center Authority (MCCA) - to account for the resources provided and used in the operation of the John B. Hynes Veterans Memorial Convention Center and the Boston Common Parking Garage.

Massachusetts Water Resources Authority (MWRA) - to account for the resources provided and used to provide water supply and sewerage treatment and disposal services in the greater Boston metropolitan area, and to address cleanup of the Boston Harbor.

Economic Development Authorities - to account for the resources used to finance specifically-targeted programs that support and encourage economic growth and public infrastructure development within the Commonwealth.

The 1992 amounts have been restated to reflect the change in reporting the activities of the Commonwealth's public institution of higher education, including its medical school, and related medical center, physician's group practice plan and building authorities.

COMMONWEALTH OF MASSACHUSETTS

ENTERPRISE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 1993

(Amounts in thousands)

	Massachusetts Bay Transportation Authority	Massachusetts Convention Center Authority	Massachusetts Water Resources Authority	Economic Development Authorities	Totals 1993	Totals 1992 (As restated)
ASSETS						
Cash and short-term investments	$ 51,072	$ 10,796	$ 46,609	$ 121,021	$ 229,498	$ 120,522
Investments			14,934	103,842	118,776	58,483
Restricted investments	18,674	12,659	706,271	29,804	767,408	1,146,634
Receivables, net of allowance for uncollectibles						
Due from federal government	8,481		30,546	140,105	179,132	165,508
Loans				171,752	171,752	98,574
Other receivables	20,256	530	2,793	5,620	29,199	46,983
Due from other funds	336,513	6,290	11,600	31,082	385,485	339,393
Inventory	40,160				40,160	40,316
Fixed assets	4,391,228	202,392	3,637,309	20,930	8,251,859	7,787,821
Restricted and other assets	118,392	2,410	6,522	1,607	128,931	122,163
Total assets	**$ 4,984,776**	**$ 235,077**	**$ 4,456,584**	**$ 625,763**	**$ 10,302,200**	**$ 9,926,397**
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 40,761	$ 11,778	$ 150,288	$ 1,299	$ 204,126	$ 172,398
Accrued payroll	32,354				32,354	30,154
Deferred revenue	41,561	426	168,635	1,354	211,976	180,672
Other accrued liabilities	162,600	8,301	32,599	7,640	211,140	207,824
Bonds, notes payable and certificates of participation	2,448,471	163,539	1,905,907	149,380	4,667,297	4,308,176
Total liabilities	**2,725,747**	**184,044**	**2,257,429**	**159,673**	**5,326,893**	**4,899,224**
Fund equity:						
Contributed capital	2,420,849	47,984	2,199,155	378,913	5,046,901	5,078,131
Retained earnings (deficit):						
Reserved for investment programs				19,168	19,168	17,394
Unreserved	(161,820)	3,049		68,009	(90,762)	(68,352)
Total fund equity	**2,259,029**	**51,033**	**2,199,155**	**466,090**	**4,975,307**	**5,027,173**
Total liabilities and fund equity	**$ 4,984,776**	**$ 235,077**	**$ 4,456,584**	**$ 625,763**	**$ 10,302,200**	**$ 9,926,397**

COMMONWEALTH OF MASSACHUSETTS

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES, CHANGES IN RETAINED EARNINGS AND CHANGES IN CONTRIBUTED CAPITAL

FISCAL YEAR ENDED JUNE 30, 1993

(Amounts in thousands)

	Massachusetts Bay Transportation Authority	Massachusetts Convention Center Authority	Massachusetts Water Resources Authority	Economic Development Authorities	Totals 1993	Totals 1992 (As restated)
Operating revenues:						
Charges for services	$ 186,572	$ 8,204	$ 292,151	$ 1,844	$ 488,771	$ 434,157
Donations				533	533	915
Other			2,519		2,519	2,179
Total operating revenues	186,572	8,204	294,670	2,377	491,823	437,251
Operating expenses:						
Cost of services and administration	612,351	15,138	152,409	18,537	798,435	775,913
Depreciation	145,944	8,397	101,777	4,342	260,460	230,434
Total operating expenses	758,295	23,535	254,186	22,879	1,058,895	1,006,347
Operating income (loss)	(571,723)	(15,331)	40,484	(20,502)	(567,072)	(569,096)
Nonoperating revenues (expenses):						
Operating grants	17,643			2,207	19,850	20,254
Interest income	3,355	257	46,051	11,623	61,286	46,158
Other revenues	1,328	321		2,190	3,839	2,336
Interest expense	(121,180)	(9,618)	(130,570)	(2,819)	(264,187)	(216,696)
Other expenses	(14,982)	(1,188)	(27,558)		(43,728)	(49,932)
Nonoperating revenues (expenses), net	(113,836)	(10,228)	(112,077)	13,201	(222,940)	(197,880)
Loss before transfers and extraordinary item	(685,559)	(25,559)	(71,593)	(7,301)	(790,012)	(766,976)
Transfers and extraordinary item:						
Operating transfers in	584,478	20,975		11,893	617,246	606,439
Extraordinary item – loss on defeasance						(41,305)
Total transfers and extraordinary item	584,478	20,875		11,893	617,246	565,134
Net income (loss)	(101,081)	(4,684)	(71,593)	4,592	(172,766)	(201,842)

(Continued)

COMMONWEALTH OF MASSACHUSETTS

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES, CHANGES IN RETAINED EARNINGS AND CHANGES IN CONTRIBUTED CAPITAL

FISCAL YEAR ENDED JUNE 30, 1993

(Amounts in thousands)

	Massachusetts Bay Transportation Authority	Massachusetts Convention Center Authority	Massachusetts Water Resources Authority	Economic Development Authorities	Totals 1993	Totals 1992 (As restated)
Add Depreciation of fixed assets acquired from contributed capital	72,383	7,929	71,593	225	152,130	136,083
Transfer of extraordinary item to contributed capital						41,305
Increase (decrease) in retained earnings	(28,698)	3,245		4,817	(20,636)	(24,454)
Retained earnings (deficit) at beginning of year	(133,122)	(196)		82,360	(50,958)	(26,504)
Retained earnings (deficit) at end of year	$ (161,820)	$ 3,049	$ 0	$ 87,177	$ (71,594)	$ (50,958)
Contributed capital at beginning of year	$ 2,418,816	$ 56,333	$ 2,300,431	$ 302,551	$ 5,078,131	$ 4,959,299
Add Capital contributions	74,416		49,973	76,587	200,976	296,220
Less Depreciation of fixed assets acquired from contributed capital	(72,383)	(7,929)	(71,593)	(225)	(152,130)	(136,083)
Residual equity transfer			(79,656)		(79,656)	
Loss on defeasance						(41,305)
Other		(420)			(420)	
Contributed capital at end of year	$ 2,420,849	$ 47,984	$ 2,199,155	$ 378,913	$ 5,046,901	$ 5,078,131

(Concluded)

COMMONWEALTH OF MASSACHUSETTS

ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 1993

(Amounts in thousands)

	Massachusetts Bay Transportation Authority	Massachusetts Convention Center Authority	Massachusetts Water Resources Authority	Economic Development Authorities	Totals 1993	Totals 1992 (As restated)
Cash flows from operating activities:						
Operating income (loss)	$ (571,723)	$ (15,331)	$ 40,484	$ (20,502)	$ (567,072)	$ (569,096)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:						
Depreciation	145,944	8,397	101,777	4,342	260,460	230,434
Gain on sale of equipment				(379)	(379)	
Other nonoperating revenues	1,328	321		2,190	3,839	2,336
Other nonoperating expenses	(14,982)	(1,188)	(27,558)		(43,728)	(49,932)
Other		(420)			(420)	
Change in assets and liabilities:						
Due from federal government	519		(13,834)	(207)	(13,522)	(93,081)
Loans				(74,723)	(74,723)	(77,668)
Other receivables	21,946	(119)	(2,393)	(1,753)	17,681	(14,366)
Due from other funds	(55,490)	(3,629)	11,708	1,319	(46,092)	(45,493)
Inventory	(198)			354	156	7,760
Restricted and other assets	(5,459)	(339)	(1,863)	(24)	(7,685)	25,023
Accounts payable	(8,786)	563	40,608	(561)	31,824	40,021
Accrued payroll	2,200				2,200	37,662
Deferred revenue	3,493	(45)	27,558	297	31,303	30,597
Other accrued liabilities	(4,606)	3,806	3,024	2,715	4,939	(19,929)
Total adjustments	**85,909**	**7,347**	**139,027**	**(66,430)**	**165,853**	**73,364**
Net cash provided by (used for) operating activities	**(485,814)**	**(7,984)**	**179,511**	**(86,932)**	**(401,219)**	**(495,732)**
Cash flows from noncapital financing activities:						
Operating grants	17,643			2,207	19,850	20,254
Operating transfers	584,478	20,875		11,893	617,246	606,439
Residual equity transfers			(79,656)		(79,656)	
Net cash provided by (used for) noncapital financing activities	**602,121**	**20,875**	**(79,656)**	**14,100**	**557,440**	**626,693**

(Continued)

COMMONWEALTH OF MASSACHUSETTS

ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 1993

(Amounts in thousands)

	Massachusetts Bay Transportation Authority	Massachusetts Convention Center Authority	Massachusetts Water Resources Authority	Economic Development Authorities	Totals 1993	Totals 1992 (As restated)
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(207,833)	(1,323)	(502,297)	(171)	(711,624)	(789,120)
Proceeds from the issuance of bonds and notes	1,534,888		1,210,493	149,380	2,894,761	2,941,272
Interest on bonds and notes	(121,180)	(9,618)	(130,570)	(2,819)	(264,187)	(216,696)
Capital contributions	74,416		49,973	76,587	200,976	296,220
Principal payments on bonds and notes	(1,341,577)		(83,813)	(2,500)	(1,427,890)	(1,452,448)
Amortization of bond discount	1,936	14	8,159		10,109	1,429
Loss on refunding	(105,200)		(101,760)		(206,960)	(41,305)
Proceeds from sale of equipment				771	771	
Payment to escrow agent	(862,773)		(924,165)		(1,786,938)	(147,006)
Receipts from capital grants						600
Net cash provided by (used for) capital and related financing activities	**(1,027,323)**	**(10,927)**	**(473,960)**	**221,248**	**(1,290,982)**	**592,946**
Cash flows from investing activities:						
Purchases of investments	(1,047,526)	(7,706)	(301,717)	(73,843)	(1,430,792)	(3,292,350)
Sales and maturities of investments	1,956,079	3,736	634,921	18,507	2,613,243	2,537,104
Interest income	3,355	257	46,051	11,623	61,286	46,158
Net cash provided by (used for) investing activities	**911,908**	**(3,713)**	**379,255**	**(43,713)**	**1,243,737**	**(709,088)**
Net increase (decrease) in cash and cash equivalents	**892**	**(1,749)**	**5,130**	**104,703**	**108,976**	**14,819**
Cash and cash equivalents at beginning of year	**50,180**	**12,545**	**41,479**	**16,318**	**120,522**	**105,703**
Cash and cash equivalents at end of year	**$ 51,072**	**$ 10,796**	**$ 46,609**	**$ 121,021**	**$ 229,498**	**$ 120,522**

(Concluded)

COMBINING FINANCIAL STATEMENTS -

FIDUCIARY FUNDS

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the Commonwealth in a trustee capacity or as an agent for individuals, private organizations or other governments.

EXPENDABLE TRUST FUNDS:

Expendable Trust - to account for various gifts, bequests or contributions held by the Commonwealth of which both principal and interest may be expended for purposes designated by the donor.

Unemployment Compensation - to account for unemployment taxes collected from employers and held by the United States Treasury in the Federal Unemployment Trust Fund, from which funds are drawn for the payment of benefits to the unemployed.

NONEXPENDABLE TRUST FUNDS:

Nonexpendable Trust - to account for various gifts and bequests held by the Commonwealth, including the endowments of its institutions of higher education, of which only the income may be expended for purposes specified by the donor.

PENSION TRUST FUNDS:

Public Employee Retirement Systems - to account for the assets, liabilities and fund balances held in trust by the State Employees' and Teachers' Retirement Systems for the payment of retirement, disability and death benefits to members of these retirement systems.

AGENCY FUNDS:

Central Agency Funds - to account for cash and investments held or managed by the Commonwealth on behalf of others, including the investments made by cities, towns and local authorities in the Massachusetts Municipal Depository Trust and Pension Reserves Investment Trust, employees' contributions to the deferred compensation plan, annuity contracts held for lottery prize winners, and local option taxes collected but not yet remitted.

Court Escrow and Client Accounts - to account for assets held in escrow accounts by the Commonwealth's court system pending settlement of outstanding litigation and by the human service departments on behalf of patients, clients and inmates, and for child support payments collected or receivable and not yet remitted to custodial parents.

Statutory Bonds and Deposits - to account for deposits required from insurance companies and similar organizations doing business within the Commonwealth, to protect citizens against the risk of loss due to business failure.

The 1992 amounts have been restated to reflect the change in reporting the activities of the Commonwealth's public institution of higher education, including its medical school, and related medical center, physician's group practice plan and building authorities.

COMMONWEALTH OF MASSACHUSETTS

FIDUCIARY FUND TYPES

COMBINING BALANCE SHEET

JUNE 30, 1993

(Amounts in thousands)

ASSETS	Expendable Trust Funds	Non-expendable Trust Funds	Pension Trust Funds	Agency Funds	Totals 1993	Totals 1992 (As restated)
Cash and short-term investments	$ 128,817	$ 5,782	$ 141,566	$ 1,002,390	$ 1,278,555	$ 1,211,068
Investments			10,959,807	376,050	11,335,857	9,899,529
Investments of deferred compensation plan				895,768	895,768	764,696
Annuity contracts				975,442	975,442	937,249
Assests held in trust				1,518,389	1,518,389	1,583,758
Receivables, net of allowance for uncollectibles						
Taxes	339,610				339,610	332,657
Due from federal government	1,009				1,009	2,764
Loans	8,151				8,151	7,391
Other receivables	19,703		24,649	27,000	71,352	42,998
Due from other funds	409				409	3,494
Total assets	**$ 497,699**	**$ 5,782**	**$ 11,126,022**	**$ 4,795,039**	**$ 16,424,542**	**$ 14,785,604**
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 62,591	$ 3	$ 1,598	$ 27,883	$ 92,075	$ 82,621
Accrued payroll	333				333	267
Compensated absences	412				412	408
Tax refunds and abatements payable	7,123				7,123	65,763
Due to cities and towns				12,710	12,710	16,410
Due to other funds	409		3,276		3,685	3,494
Due to federal government	269,429				269,429	308,033
Deferred revenue	28,568				28,568	42,394
Prizes payable				975,442	975,442	937,249
Deferred compensation benefits payable				895,768	895,768	764,696
Agency liabilities				2,883,236	2,883,236	2,957,494
Claims and judgments	136				136	5,591
Total liabilities	**369,001**	**3**	**4,874**	**4,795,039**	**5,168,917**	**5,184,420**
Fund balances (deficit)						
Reserved for pension benefits			11,121,148		11,121,148	9,648,666
Reserved for specific purpose		5,779			5,779	5,779
Unreserved	128,698				128,698	(53,261)
Total fund balances	**128,698**	**5,779**	**11,121,148**		**11,255,625**	**9,601,184**
Total liabilities and fund balances	**$ 497,699**	**$ 5,782**	**$ 11,126,022**	**$ 4,795,039**	**$ 16,424,542**	**$ 14,785,604**

COMMONWEALTH OF MASSACHUSETTS

EXPENDABLE TRUST FUNDS

COMBINING BALANCE SHEET

JUNE 30, 1993

(Amounts in thousands)

ASSETS	Expendable Trust	Unemployment Compensation	Totals 1993	Totals 1992
Cash and short-term investments	$ 128,817	$ 0	$ 128,817	$ 68,247
Receivables, net of allowance for uncollectibles				
Taxes	11,132	328,478	339,610	332,657
Due from federal government	1,009		1,009	2,764
Loans	8,151		8,151	7,391
Other receivables	7,929	11,774	19,703	17,277
Due from other funds	409		409	3,494
Total assets	**$ 157,447**	**$ 340,252**	**$ 497,699**	**$ 431,830**
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 14,612	$ 47,979	$ 62,591	$ 59,141
Accrued payroll	333		333	267
Compensated absences	412		412	408
Tax refunds payable	71	7,052	7,123	65,763
Due to other funds		409	409	3,494
Due to federal government		269,429	269,429	308,033
Deferred revenue	1,606	26,962	28,568	42,394
Claims and judgments	136		136	5,591
Total liabilities	**17,170**	**351,831**	**369,001**	**485,091**
Fund balances				
Unreserved	140,277	(11,579)	128,698	(53,261)
Total fund balances (deficit)	**140,277**	**(11,579)**	**128,698**	**(53,261)**
Total liabilities and fund balance	**$ 157,447**	**$ 340,252**	**$ 497,699**	**$ 431,830**

COMMONWEALTH OF MASSACHUSETTS

EXPENDABLE TRUST FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30,1993

(Amounts in thousands)

	Expendable Trust	Unemployment Compensation	Totals 1993	Totals 1992
Revenues				
Taxes	$ 79,485	$ 993,517	$ 1,073,002	$ 841,349
Assessments	2,565		2,565	1,819
Federal grants and reimbursements	44,073	592,236	636,309	427,962
Departmental	3,054		3,054	4,895
Miscellaneous	63,124		63,124	136,653
Total revenues	192,301	1,585,753	1,778,054	1,412,678
Other financing sources				
Operating transfers in	2,768		2,768	9,058
Other sources				7,738
Total other financing sources	2,768		2,768	16,796
Total revenues and other financing sources	195,069	1,585,753	1,780,822	1,429,474
Expenditures				
Judiciary	2,179		2,179	324
Secretary of the Commonwealth	7		7	5
Treasurer and Receiver-General	19		19	17
Auditor of the Commonwealth	347		347	491
Attorney General	672		672	369
District Attorney	3,039		3,039	3,530
Board of Library Commissioners	1		1	1
Administration and finance	1,169		1,169	1,512
Environmental affairs	5,666		5,666	7,287
Communities and development	1,167		1,167	2,361
Health and human services	51,370		51,370	23,299
Transportation and construction	779		779	963
Education	1,190		1,190	1,985
Higher education	164		164	108
Public safety	2,254		2,254	1,729
Economic affairs	25,681	1,472,186	1,497,867	1,678,854
Elder affairs	23		23	25
Consumer affairs	2,541		2,541	2,679
Labor	24,322		24,322	31,257
Total expenditures	122,590	1,472,186	1,594,776	1,756,796
Other financing uses				
Operating transfers out	4,087		4,087	3,916
Total expenditures and other financing uses	126,677	1,472,186	1,598,863	1,760,712
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	68,392	113,567	181,959	(331,238)
Fund balances (deficit) at beginning of year	71,885	(125,146)	(53,261)	277,977
Fund balances (deficit) at end of year	$ 140,277	$ (11,579)	$ 128,698	$ (53,261)

COMMONWEALTH OF MASSACHUSETTS

PENSION TRUST FUNDS

COMBINING BALANCE SHEET

JUNE 30, 1993

(Amounts in thousands)

ASSETS	State Employees' PERS	Teachers' PERS	Totals 1993	Totals 1992
Cash and short-term investments	$ 93,663	$ 47,903	$ 141,566	$ 117,618
Investments	5,209,837	5,749,970	10,959,807	9,521,746
Other Receivables, net of allowance for uncollectibles		24,649	24,649	22,596
Total assets	$ 5,303,500	$ 5,822,522	$ 11,126,022	$ 9,661,960
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 1,302	$ 296	$ 1,598	$ 13,294
Due to other funds	1,910	1,366	3,273	
Total liabilities	3,212	1,662	4,874	13,294
Fund balances:				
Reserved for pension benefits	5,300,288	5,820,860	11,121,148	9,648,666
Total liabilities and fund balances	$ 5,303,500	$ 5,822,522	$ 11,126,022	$ 9,661,960

COMMONWEALTH OF MASSACHUSETTS

PENSION TRUST FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30, 1993

(Amounts in thousands)

	State Employees' PERS	Teachers' PERS	Totals 1993	Totals 1992
Operating revenues				
Contributions	$ 609,821	$ 462,968	$ 1,072,789	$ 967,133
Investment income	517,733	783,635	1,301,368	1,136,969
Total operating revenues	1,127,554	1,246,603	2,374,157	2,104,102
Operating expenses				
Administration	1,910	1,366	3,276	2,947
Retirement benefits and refunds	531,851	366,548	898,399	825,511
Total operating expenses	533,761	367,914	901,675	828,458
Net income	593,793	878,689	1,472,482	1,275,644
Fund balances at beginning of year	4,706,495	4,942,171	9,648,666	8,373,022
Fund balances at end of year	$ 5,300,288	$ 5,820,860	$ 11,121,148	$ 9,648,666

COMMONWEALTH OF MASSACHUSETTS

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FISCAL YEAR ENDED JUNE 30, 1993

(Amounts in thousands)

Central Agency Funds	Balance July 1, 1992 (As restated)	Additions	Deductions	Balance June 30, 1993
ASSETS				
Cash and short-term investments	$ 922,865	$ 1,612,910	$ 1,632,800	$ 902,975
Investments	377,783	45,354	47,087	376,050
Investments of deferred compensation plan	764,696	188,362	57,290	895,768
Annuity contracts	937,249	157,017	118,824	975,442
Other receivables	3,125	635,396	638,521	
Total assets	$ 3,005,718	$ 2,639,039	$ 2,494,522	$ 3,150,235
LIABILITIES				
Accounts payable	$ 10,184	$ 817,138	$ 799,439	$ 27,883
Due to cities and towns	18,410	132,556	136,256	12,710
Due to federal government		168	168	
Prizes payable	937,249	157,017	118,824	975,442
Deferred compensation benefits payable	764,696	188,362	57,290	895,768
Agency liabilities	1,277,179	2,147,720	2,186,467	1,238,432
Total liabilities	$ 3,005,718	$ 3,442,961	$ 3,298,444	$ 3,150,235
Court Escrow and Client Accounts				
ASSETS				
Cash and short-term investments	$ 94,742	$ 3,937,223	$ 3,933,788	$ 98,177
Other receivables		660,122	633,122	27,000
Total assets	$ 94,742	$ 4,597,345	$ 4,566,910	$ 125,177
LIABILITIES				
Agency liabilities	$ 94,742	$ 1,084,173	$ 1,053,738	$ 125,177
Statutory Bonds and Deposits				
ASSETS				
Cash and short-term investments	$ 1,817	$ 29	$ 608	$ 1,238
Assets held in trust	1,583,758	44,758	110,127	1,518,339
Total assets	$ 1,585,575	$ 44,787	$ 110,735	$ 1,519,627
LIABILITIES				
Accounts payable	$ 2	$ 7	$ 9	$ - 0
Agency liabilities	1,585,573	44,015	109,961	1,519,627
Total liabilities	$ 1,585,575	$ 44,022	$ 109,970	$ 1,519,627

(Continued)

COMMONWEALTH OF MASSACHUSETTS

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FISCAL YEAR ENDED JUNE 30, 1993

(Amounts in thousands)

Total Agency Funds	Balance July 1, 1992 (As restated,	Additions	Deductions	Balance June 30, 1993
ASSETS				
Cash and short-term investments	$ 1,019,424	$ 5,550,162	$ 5,567,196	$ 1,002,390
Investments	377,783	45,354	47,087	376,050
Investments of deferred compensation	764,696	188,362	57,290	895,768
Annuity contracts	937,249	157,017	118,824	975,442
Assets held in trust	1,583,758	44,758	110,127	1,518,389
Other receivables	3,125	1,295,518	1,271,643	27,000
Total assets	$ 4,686,035	$ 7,281,171	$ 7,172,167	$ 4,795,039
LIABILITIES				
Accounts payable	$ 10,186	$ 817,145	$ 799,448	$ 27,883
Due to cities and towns	16,410	132,556	136,256	12,710
Due to federal government		168	168	
Prizes payable	937,249	157,017	118,824	975,442
Deferred compensation benefits payable	764,696	188,362	57,290	895,768
Agency liabilities	2,957,494	3,275,908	3,350,166	2,883,236
Total liabilities	$ 4,686,035	$ 4,571,156	$ 4,462,152	$ 4,795,039

(Concluded)

COMBINING BALANCE SHEET

UNIVERSITY AND COLLEGE FUND TYPE

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UNIVERSITY AND COLLEGE FUND TYPE

This fund type combines, in accordance with the AICPA Audit Guide for College and Universities, the financial activity from all fund types for:

University of Massachusetts System, including its campuses at Amherst, Boston, Dartmouth, Lowell, Worcester, The Teaching Hospital, Group Practice and Building Authority; and,

the State College System including nine state Colleges which provide four year post-secondary education and the state College Building authority; and,

the Community College system including fifteen community colleges which provide two year-secondary education programs.

COMMONWEALTH OF MASSACHUSETTS

COMBINING BALANCE SHEET

UNIVERSITY AND COLLEGE FUNDS

JUNE 30, 1993

(Amounts in thousands)

ASSETS	Current Funds		Loan Funds	Endowment and Similar Funds	Plant Funds	Total
	Unrestricted	Restricted				
Cash and short-term investments	$ 124,527	$ 3,432	$ 1,560	$ 1,921	$ 7,811	$ 139,251
Deposits	35,348				14,158	49,506
Investments	143,017	25,690	2,209	19,045	45,304	235,352
Receivables, net of allowance for uncollectibles						
Due from federal government		12,739				12,739
Loans			43,536	10		43,546
Other receivables	100,729	30,431	20		187	131,367
Due from other funds	26,230	90				26,320
Inventory	13,633					13,633
Fixed assets					2,022,031	2,022,031
Restricted and other assets	7,389	132			2,104	9,625
Total assets	$ 450,873	$ 72,514	$ 47,412	$ 20,976	$ 2,091,595	$ 2,683,370

(Continued)

COMMONWEALTH OF MASSACHUSETTS

COMBINING BALANCE SHEET

UNIVERSITY AND COLLEGE FUNDS

JUNE 30, 1993

(Amounts in thousands)

LIABILITIES AND FUND BALANCES	Current Funds		Loan Funds	Endowment and Similar Funds	Plant Funds	Total
	Unrestricted	Restricted				
Liabilities						
Accounts payable	$ 23,995	$ 11,146	$ 9	$ 0	$ 4,792	$ 39,942
Accrued payroll	60,790	3,549			490	64,829
Compensated absences	96,266	6,922				103,188
Due to other funds	12,659	26,161			70	38,890
Deferred revenue	5,136					5,136
Agency liabilities	6,231	2,955				9,186
Claims and judgments	67,487					67,487
Deposits and unearned revenue	5,776					5,776
Other accrued liabilities	49,556				1,751	51,307
Capital leases					12,687	12,687
Bonds, notes payable and certificates of participation					274,481	274,481
Total liabilities	327,896	50,733	9		294,271	672,909
Fund balances						
Unrestricted	122,977			6,253		129,230
Restricted		21,781	47,403	14,723		83,907
Unexpended plant funds					27,868	27,868
Renewals and replacements					15,647	15,647
Retirement of indebtedness					19,351	19,351
Net investment in plant					1,734,458	1,734,458
Total fund balances	122,977	21,781	47,403	20,976	1,797,324	2,010,461
Total liabilities and fund balances	$ 450,873	$ 72,514	$ 47,412	$ 20,976	$ 2,091,595	$ 2,683,370

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GENERAL FIXED ASSETS ACCOUNT GROUP

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group accounts for the land, buildings, improvements, equipment and construction in progress of the governmental funds. Fixed assets of the proprietary fund types and similar trust funds are accounted for within those funds.

The 1992 amounts have been restated to reflect the change in reporting the activities of the Commonwealth's public institution of higher education, including its medical school, and related medical center, physician's group practice plan and building authorities.

COMMONWEALTH OF MASSACHUSETTS

SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE

JUNE 30, 1993

(Amounts in thousands)

General fixed assets:	1993
Land	$ 407,904
Buildings	2,112,155
Machinery and equipment	347,039
Construction in progress	145,132
Total general fixed assets	**$ 3,012,230**
Investment in general fixed assets by source:	
Acquired on or before June 30, 1990	$ 1,885,000
Acquired subsequent to June 30, 1990 from:	
General Fund	268,994
Special Revenue Funds	26,648
Capital Projects Funds	831,116
Expendable Trust Funds	472
Total investment in general fixed assets	**$ 3,012,230**

Sources of general fixed assets acquired on or before June 30, 1990 are not available.

COMMONWEALTH OF MASSACHUSETTS

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION

JUNE 30, 1993

(Amounts in thousands)

Function	Land	Buildings	Machinery and equipment	Total
Judiciary	$ 246	$ 197,402	$ 3,123	$ 200,771
Inspector General			64	64
Governor and Lieutenant Governor			146	146
Secretary of the Commonwealth	5	18,034	1,794	19,833
Treasurer and Receiver – General			22,770	22,770
Auditor of the Commonwealth			381	381
Attorney General			1,299	1,299
Ethics Commission			40	40
District Attorney			2,865	2,865
Board of library commissioners			85	85
Comptroller			52	52
Administration and finance	3,520	326,465	132,754	462,739
Environmental affairs	313,532	107,977	39,514	461,023
Communities and development			935	935
Health and human services	38,222	989,120	35,262	1,062,604
Transportation and construction	30,714	6,220	41,964	78,898
Education			946	946
Educational Affairs			65	65
Higher education	3		1,964	1,967
Public safety	21,479	466,269	41,166	528,914
Economic affairs	183	668	17,149	18,000
Elder affairs			336	336
Consumer affairs			996	996
Labor			1,369	1,369
Total by function	$ 407,904	$ 2,112,155	$ 347,039	2,867,098
Construction in progress				145,132
Total general fixed assets				$ 3,012,230

COMMONWEALTH OF MASSACHUSETTS

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION

JUNE 30, 1993

(Amounts in thousands)

Function and activity	General Fixed Assets June 30,1992	Additions and adjustments	Retirements and adjustments	General Fixed Assets June 30,1993
Judiciary	$ 199,412	$ 1,359	$ 0	$ 200,771
Inspector General	64			64
Governor and Lieutenant Governor	146			146
Secretary of the Commonwealth	19,797	97	61	19,833
Treasurer and Receiver – General	15,958	7,436	624	22,770
Auditor of the Commonwealth	381			381
Attorney General	1,104	254	59	1,299
Ethics Commission	49	20	29	40
District Attorney	2,772	93		2,865
Office of Campaign and Political Finance	43		43	
Board of library commissioners		85		
Comptroller		52		52
Administration and finance	464,137	8,558	9,956	462,739
Environmental affairs	433,986	27,965	928	461,023
Communities and development	782	153		935
Health and human services	1,025,375	40,647	3,418	1,062,604
Transportation and construction	78,646	498	246	78,898
Education	840	239	133	946
Educational Affairs	65			65
Higher education	33,534	95	31,662	1,967
Public safety	497,824	33,923	2,833	528,914
Economic affairs	13,131	10,547	5,678	18,000
Elder affairs	316	20		336
Consumer affairs	1,093		97	996
Labor	1,808	491	930	1,369
Total by function	2,791,263	132,532	56,697	2,867,013
Construction in progress	188,680	5,191	48,739	145,132
Total general fixed assets	**$ 2,979,943**	**$ 137,723**	**$ 105,436**	**$ 3,012,230**

PUBLIC EMPLOYEE RETIREMENT SYSTEMS -

REQUIRED SUPPLEMENTARY INFORMATION

COMMONWEALTH OF MASSACHUSETTS

PUBLIC EMPLOYEE RETIREMENT SYSTEMS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

FOR FISCAL YEAR 1993

(Amount in thousands)

Fiscal year	(1) Net assets available for benefits	(2) Pension benefit obligation	(3) % Funded (1)/(2)	(4) Unfunded pension benefit obligation (2) – (1)	(5) Annual covered payroll	(6) Unfunded pension benefit obligation as a percentage of covered payroll (4)/(5)
State Employees' Retirement System						
1993	$5,071,000	$8,409,000	60.30%	$3,338,000	$2,919,000	114.35%
1992	4,699,000	7,061,000	66.55%	2,362,000	2,638,000	89.54%
1991	4,052,000	6,854,000	59.12%	2,802,000	2,300,000	121.83%
Teachers' Retirement System						
1993	$5,142,000	$8,440,000	60.92%	$3,298,000	$2,428,000	135.83%
1992	4,784,000	8,230,000	58.13%	3,446,000	2,032,000	169.59%
1991	4,086,000	8,853,000	46.15%	4,767,000	2,065,000	230.85%
State – Boston Retirement System						
1993	$370,000	$704,000	52.56%	$334,000	$206,000	162.14%
1992	342,000	705,000	48.51%	363,000	184,000	197.28%
1991	301,000	553,000	54.43%	252,000	203,000	124.14%

Analysis of the funding progress is only available as of January 1, 1991, 1992, and 1993, the dates of the most recent actuarial valuations and the interim update

COMMONWEALTH OF MASSACHUSETTS

PUBLIC EMPLOYEE RETIREMENT SYSTEMS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES BY SOURCE AND EXPENSES BY TYPE
FOR FISCAL YEARS 1988 THROUGH 1993

(Amounts in thousands)

State Employees' Retirement System

Revenues By Source

Fiscal year	Employee contribution	Employer contribution	Contribution as a percentage of payroll	Investment income	Total
1988	$172,607	$268,993	11.7%	$64,858	$506,458
1989	192,332	271,927	10.6%	487,971	952,230
1990	192,065	292,101	10.4%	298,513	782,679
1991	196,413	313,485	13.6%	111,472	621,370
1992	191,501	333,828	12.7%	497,003	1,022,332
1993	191,604	418,217	14.3%	517,733	1,127,554

Expenses By Type

Fiscal year	Benefits	Administration expenses	Other	Total
1988	$245,573	$2,800	$73,856	$322,229
1989	259,101	2,930	84,185	346,216
1990	288,284	2,595	94,420	385,299
1991	311,433	2,052	107,504	420,989
1992	333,828	1,857	132,828	468,513
1993	418,217	1,910	113,634	533,761

Teachers' Retirement System

Revenues By Source

Fiscal year	Employee contribution	Employer contribution	Contribution as a percentage of payroll	Investment income	Total
1988	$125,223	$243,966	12.6%	$100,537	$469,726
1989	126,004	252,443	14.1%	411,303	789,750
1990	141,645	252,717	11.4%	291,711	686,073
1991	144,173	268,010	13.0%	183,554	595,737
1992	146,637	284,498	14.0%	639,966	1,071,101
1993	159,980	302,988	12.5%	783,635	1,246,603

Expenses By Type

Fiscal year	Benefits	Administration expenses	Other	Total
1988	$224,909	$1,484	$46,539	$272,932
1989	237,332	1,471	49,539	288,342
1990	250,214	1,282	54,355	305,851
1991	266,924	1,086	59,106	327,116
1992	284,498	1,090	63,688	349,276
1993	302,988	1,366	63,560	367,914

Fiscal year 1988 is the first year for which complete revenue and expense information is available. Information for the years prior to 1988 is not available.

Commonwealth of Massachusetts
Fiscal Year Ended June 30, 1993

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Statistical Section

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COMMONWEALTH OF MASSACHUSETTS

TEN - YEAR SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - ALL GOVERNMENTAL FUND TYPES

(Amounts in millions)

	FISCAL YEAR ENDED JUNE 30																			
	1993	%	1992	%	1991	%	1990	%	1989	%	1988	%	1987	%	1986	%	1985	%	1984	%
Taxes	$ 10,021	45	$ 9,479	46	$ 9,143	41	$ 9,007	50	$ 8,695	51	$ 8,033	55	$ 7,970	54	$ 7,462	57	$ 6,424	61	$ 5,660	62
Federal reimbursements	3,376	15	3,021	15	3,075	14	2,092	11	1,942	11	1,830	12	1,546	10	1,427	11	1,222	12	1,161	13
Federal grants	1,118	5	1,199	6	1,088	5	1,042	6	1,045	6	803	5	812	5	827	6	758	7	639	7
Lotteries	2,148	10	1,831	9	1,692	8	1,657	9	1,447	9	1,390	9	1,276	9	1,066	8	831	8	113	1
Assessments	597	3	787	4	1,542	7	277	1	243	1	160	1	199	1	20		108	1	100	1
Motor vehicle licenses and registrations	331	1	300	1	290	1	306	2	237	2	167	1	175	1	151	1	145	1	128	2
Other fees, investment earnings, etc	1,215	5	1,710	8	1,455	6	1,188	7	1,038	6	993	7	829	6	824	6	535	5	581	6
Proceeds of dedicated tax bonds					1,363	6														
Proceeds of general obligation bonds	368	2	721	3	1,030	5	1,430	8	1,374	8	543	4	315	2	442	4	276	3	373	4
Proceeds of special obligation bonds			100																	
Proceeds of refunding bonds	1,891	8	574	3					226	1			526	4						
Proceeds of obligations under lease/purchase	13		17		28		7		35											
Operating transfers	1,177	5	1,021	5	1,477	7	1,068	6	805	5	870	6	1,159	8	893	7	174	2	352	4
Other financing sources	46		47		36		30		5		52		7		3		47		41	
Total revenue and other financing sources	$ 22,301		$ 20,807		$ 22,219		$ 18,104		$ 17,992		$ 14,841		$ 14,814		$ 13,115		$ 10,520		$ 9,148	

Note - GAAP information is available only for the years 1986 through 1993. The information for prior years is presented on the statutory basis of accounting.

* Information is not available for years prior to 1989

COMMONWEALTH OF MASSACHUSETTS

TEN - YEAR SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES BY CHARACTER AND SECRETARIAT - ALL GOVERNMENTAL FUND TYPES

(Amounts in millions)

Character and Secretariat	FISCAL YEAR ENDED JUNE 30																			
	1993	%	1992	%	1991	%	1990	%	1989	%	1988	%	1987	%	1986	%	1985	%	1984	%
Current																				
Legislature	$ 41		$ 44		$ 40		$ 44		$ 49		$ 48		$ 45		$ 42		$ 38		$ 35	1
Judiciary	306	1	315	2	298	1	305	2	280	2	271	2	250	2	268	2	243	2	205	2
Inspector General	1		1		1		1		1		1		3		1		1		1	
Governor and Lieutenant	4		4		4		5		6		6		4		9		14		14	
Secretary of the Commonwealth	14		12		13		11		14		13		15		8		15		8	
Treasurer and Receiver - General	1,659	8	1,379	7	1,290	6	1,193	6	1,022	6	1,079	7	700	6	976	8	1,095	11	862	9
Auditor of the Commonwealth	10		10		11		11		13		13		11		9		9		8	
Attorney General	36		18		89		29		43		92	1	28		24		13		11	
Ethics Commission	1		1		1		1		1		1		1		1		1		1	
District Attorney	44		39		42		47		81		80		41							
Office of Campaign and Political Finance			1		1															
Board of Library Commissioners	5		4		21		20													
Comptroller	6		5		5		6		5		[illegible]		6		4					
Administration and finance	682	4	833	4	878	4	874	5	485	3	737	5	999	7	311	2	388	4	281	3
Environmental affairs	162	1	141	1	172	1	171	1	185	1	198	1	180	1	181	1	163	2	170	2
Communities and development	364	2	397	2	410	2	403	2	390	2	349	2	293	2	264	2	274	3	223	2
Health and human services	4,034	18	4,007	20	5,011	23	4,118	22	3,532	20	2,957	19	2,885	19	2,290	18	3,298	33	3,108	34
Transportation and construction	273	1	92		176	1	162	1	60		94	1	157	1	159	1	367	4	349	4
Education	469	2	392	2	339	2	332	2	329	2	311	2	263	2	1,174	9	2,136	21	1,894	21
Educational affairs	10		17																	
Higher education (2)	69		1,288	6	1,211	6	1,155	6	1,164	7	1,058	7	1,126	7						
Public safety	611	3	658	3	148	1	154	1	164	1	162	1	129	1	112	1	90	1	81	1
Economic affairs	210	1	194	1	169	1	159	1	202	1	176	1	178	1	152	1	139	1	114	2
Elder affairs	150	1	137	1	143	1	150	1	175	1	145	1	165	1	130	1	117	1	102	1
Consumer affairs	30		27		32		34		50		46		30		26		25		22	
Labor	24		19		21		23		24		19		19		10		10		8	
Independent commissions									28		35		32							
Direct local aid to cities and towns	2,547	11	2,278	11	2,608	12	2,937	16	2,961	17	2,769	18	2,601	17	2,192	17				
Medicaid	3,151	14	2,853	14	2,872	13	1,929	11	2,336	13	1,707	11	1,380	10	1,651	13				
Capital outlay (1)																				
Local aid	105		87		226	1	208	1	112	1	27		10							
Capital acquisition and construction	1,133	5	1,157	6	945	5	929	5	1,125	6	842	5	764	5	632	5	583	6	469	5
Pension	893	4	751	4	706	3	672	4	663	4	600	4	622	4	401	3	436	4	342	4
Debt service	1,143	5	901	5	1,407	7	775	4	654	4	568	4	530	4	522	4	482	5	447	5
Other financing uses																				
Payment to refunded bond escrow agent	1,891	8	574	3					226	1			526	3						
Fund deficit support											231	1	361	3			58	1	145	2
Transfers	2,364	11	1,654	8	2,098	10	1,613	9	1,348	8	1,088	7	642	4	1,638	12	83	1	181	2
Other											18		33				23			
Total expenditures and other financing uses	$ 22,442		$ 20,290		$ 21,388		$ 18,471		$ 17,728		$ 15,746		$ 15,029		$ 13,187		$ 10,101		$ 9,081	

Note - GAAP information is available only for the years 1986 through 1993. The information for prior years is presented on the statutory basis of accounting.

(1) Information is not available for years prior to 1986.

(2) In 1993, expenditures related to Higher Education are presented in the University and College Fund Type. Prior years have not been restated.

COMMONWEALTH OF MASSACHUSETTS

TEN-YEAR SCHEDULE OF PERCENTAGE OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL EXPENDITURES – ALL GOVERNMENTAL FUND TYPES

(Amounts in millions)

Fiscal year ended June 30 (1)	Debt service (2)	Total expenditures	Ratio
1993	$ 1,143	$ 18,187 (5)	6.3
1992	901 (3)	18,061	5.0
1991	1,407 (4)	19,290	7.3
1990	775	16,861	4.6
1989	654	16,154	4.0
1988	568	14,199	4.0
1987	530	13,257	4.0
1986	522	11,549	4.5
1985	482	9,937	4.9
1984	447	8,650	5.2

(1) For 1985 and prior years, total debt service and total expenditures are on the statutory basis, as GAAP basis information is not available for those years.

(2) Debt service includes principal and interest payments related to general obligation long-term bonds and minibonds. Minibonds are general bonded debt instruments reported as fund liabilities because of their demand provisions.

(3) Includes debt service for fiscal year 1990 (Fiscal Recovery) deficit financing of approximately $241 million.

(4) Includes debt service for fiscal year 1989 (Liability Reduction) and fiscal year 1990 (Fiscal Recovery) deficit financing of approximately $461 and $79 million, respectively.

(5) Expenditures related to Higher Education in fiscal year 1993 are presented in the University and College Fund Type. Prior years expenditures have not been restated to conform to the fiscal year 1993 presentation.

COMMONWEALTH OF MASSACHUSETTS

TEN-YEAR SCHEDULE OF PER CAPITA GENERAL LONG-TERM BONDED DEBT

(Amounts in thousands)

Fiscal year ended June 30	Massachusetts resident population (1)	Total long-term bonds and notes payable (2)	Per capita long-term debt
1993 (3)	5,998	$9,231,458	$1,539
1992	5,998	9,264,430	1,545
1991	5,996	8,580,339	1,431
1990	6,016	6,605,039	1,098
1989	6,016	5,370,627	893
1988	5,981	4,272,384	714
1987	5,936	4,001,918	674
1986	5,903	3,625,596	614
1985	5,881	3,713,252	631
1984	5,841	3,637,704	623

(1) 1989 and prior revised per the Decennial Census.

(2) Total long-term debt does not include minibonds. Fiscal recovery debt of $1,244 billion and $1,416 billion is included for 1992 and 1991, respectively, and Liability Reduction debt of $415 million is included for 1990.

(3) Most recent projection available.

Source: United States Department of Commerce, Bureau of the Census.

COMMONWEALTH OF MASSACHUSETTS

ENTERPRISE FUNDS' REVENUE BOND COVERAGE

FOR THE LAST EIGHT FISCAL YEARS

(Amounts in thousands)

Fiscal year ended June 30	Net revenues (1)	Debt service requirements (2)	Coverage
1993	$ 332,195	$ 305,156	1.09
1992	310,372	295,389	1.05
1991	278,822	260,982	1.07
1990	226,444	260,362	0.87
1989	219,764	49,120	4.47
1988	146,001	45,748	3.19
1987	129,577	57,877	2.24
1986	120,683	74,702	1.62

(1) Net revenues represent the regular recurring operating income (loss) plus operating grants, transfers and depreciation of only those Authorities with revenue bonds outstanding.

(2) Debt service requirements represent total debt service payments made less debt service paid on short-term borrowings of only those Authorities with revenue bonds outstanding.

Source: Office of the Comptroller; information is not available prior to 1986.

COMMONWEALTH OF MASSACHUSETTS

MASSACHUSETTS AND UNITED STATES RESIDENT POPULATION 1984–1993

(Amounts in thousands)

Year		United States	% Change	Massachusetts	% Change	Massachusetts as % of U.S.
1993		257,592	1.0%	5,998	0.0%	2.33%
1992		255,020	1.1%	5,998	0.0%	2.35%
1991		252,177	1.1%	5,996	−0.4%	2.38%
1990		249,466	1.1%	6,020	0.1%	2.41%
1989	(1)	246,820	0.9%	6,016	0.6%	2.44%
1988		244,534	0.9%	5,981	0.8%	2.45%
1987		242,321	0.9%	5,936	0.6%	2.45%
1986		240,162	0.9%	5,903	0.4%	2.46%
1985		237,950	0.9%	5,881	0.7%	2.47%
1984		235,847	0.9%	5,841	0.7%	2.48%

(1) 1989 and prior revised per the Decennial Census.

Source: United States Department of Commerce, Bureau of the Census

COMMONWEALTH OF MASSACHUSETTS

NONAGRICULTURAL EMPLOYMENT BY INDUSTRY
IN MASSACHUSETTS AND THE UNITED STATES FOR 1993 (1)

(Amounts in thousands)

Type of industry	MA	% of MA Total	U.S.	% of U.S. Total	MA % vs. U.S. %
Total manufacturing:	442	15.8%	17,710	16.0%	99%
Total durable goods:	275	9.8%	NA	NA	NA
High technology	165	5.9%	NA	NA	NA
Other	110	3.9%	NA	NA	NA
Nondurable goods	167	6.0%	NA	NA	NA
Total nonmanufacturing:	2,359	84.2%	92,939	84.0%	100%
Construction and mining	85	3.0%	5,220	4.7%	64%
Transportation and public utilities	121	4.3%	5,693	5.1%	84%
Trade:	644	23.0%	25,959	23.5%	98%
Wholesale	153	5.5%	6,119	5.5%	99%
Retail	491	17.5%	19,840	17.9%	98%
Financial services	192	6.9%	6,634	6.0%	114%
Other services	939	33.5%	30,529	27.6%	122%
Government:	378	13.5%	18,904	17.1%	79%
Federal	57	2.0%	2,910	2.6%	77%
State and local	321	11.5%	15,994	14.5%	79%
Total for 1993	2,801		110,649		

(1) Preliminary seasonally adjusted data as of October, 1992.

Sources: Massachusetts Department of Employment and Training
United States Department of Commerce

NA: Not available

COMMONWEALTH OF MASSACHUSETTS

TEN LARGEST INDUSTRIES
BY NUMBER OF EMPLOYEES AS OF OCTOBER, 1993

Industry	Employees
Services	939,000
Wholesale and retail trade	644,300
Manufacturing – durable goods	275,400
Local government	226,100
Finance, insurance and real estate	192,500
Manufacturing – nondurable goods	166,700
Transportation and public utilities	120,600
Construction	84,000
State government	94,800
Federal government	56,700

Source: Massachusetts Department of Employment and Training

COMMONWEALTH OF MASSACHUSETTS

ANNUAL AVERAGE CIVILIAN LABOR FORCE,
UNEMPLOYMENT AND UNEMPLOYMENT RATES
FOR MASSACHUSETTS AND THE UNITED STATES 1984 – 1993

(Amounts in thousands)

	Massachusetts			United States			
Year	Labor Force	Unemployment	Unemployment Rate	Labor Force	Unemployment	Unemployment Rate	Massachusetts Rate as % of U.S. Rate
1993	3,158	207	6.6%	128,633	8,252	6.4%	103.1%
1992 (1)	3,126	265	8.5%	126,983	9,384	7.4%	114.9%
1991	3,127	280	9.0%	125,303	8,426	6.7%	134.3%
1990	3,166	189	6.0%	124,787	6,874	5.5%	109.1%
1989	3,180	127	4.0%	123,869	6,528	5.3%	75.5%
1988	3,155	103	3.3%	121,669	6,701	5.5%	60.0%
1987	3,086	99	3.2%	119,865	7,425	6.2%	51.6%
1986	3,058	118	3.9%	117,834	8,237	7.0%	55.7%
1985	3,051	120	3.9%	115,461	8,312	7.2%	54.2%
1984	3,047	145	4.8%	113,544	8,539	7.5%	64.0%

Sources: Massachusetts Department of Employment and Training
United States Department of Labor, Bureau of Labor Statistics

(1) Massachusetts data – as seasonally adjusted, October, 1993, United States data – October, 1993 as seasonally adjusted

COMMONWEALTH OF MASSACHUSETTS

TWENTY–FIVE LARGEST PRIVATE SECTOR MASSACHUSETTS EMPLOYERS

American Telephone & Telegraph Company
Bank of Boston
Blue Cross of Massachusetts, Inc.
Boston University
Brigham & Women's Hospital Inc.
Digital Equipment Corporation
First Healthcare Corporation
Friendly Ice Cream Corporation
General Electric Company
Harvard University
Jewel Food Stores, Inc.
John Hancock Mutual Life Insurance Company
Massachusetts General Hospital
Massachusetts Institute of Technology
May Department Stores Company
New England Telephone and Telegraph Company
Polaroid Corporation
Purity Supreme, Inc.
Raytheon Company
S&S Credit Company
Sears Roebuck and Company
Shaw's Supermarkets, Inc.
State Street Bank and Trust Company
United Parcel Service, Inc.

Source: Massachusetts Department of Employment and Training as of June, 1993

This financial report is submitted to the General Court in compliance with Section 4 and Section 12 of Chapter 7A of the Massachusetts General Laws.